

**UNION TOWNSHIP, CLERMONT COUNTY COMMUNITY
IMPROVEMENT CORPORATION, INC.**
CLERMONT COUNTY, OHIO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015



Dave Yost • Auditor of State

Board of Trustees
Union Township, Clermont County
Community Improvement Corporation, Inc.
4350 Aicholtz Road
Cincinnati, Ohio 45245

We have reviewed the *Independent Auditors' Report* of the Union Township, Clermont County Community Improvement Corporation, Inc., prepared by Bastin & Company, LLC, for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Union Township, Clermont County Community Improvement Corporation, Inc. is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

June 8, 2016

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**UNION TOWNSHIP, CLERMONT COUNTY
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO**

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Union Township, Clermont County Community
Improvement Corporation, Inc.
Clermont County
4350 Aicholtz Road
Cincinnati, Ohio 45245

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Union Township, Clermont County Community Improvement Corporation, Inc. Clermont County, Ohio (the Corporation), a component unit of Union Township, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Corporation'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 Corporation'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 Corporation'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 Union Township, Clermont County Community Improvement Corporation, Inc. Clermont County as of December 31, 2015, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2016, 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. 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 Corporation's internal control over financial reporting and compliance.

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Cincinnati, Ohio
April 30, 2016

**UNION TOWNSHIP, CLERMONT COUNTY COMMUNITY
IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS

CURRENT ASSETS:	
Cash	\$ 1,294,150
Mortgages receivable-current	363,411
Contributions receivable-current	<u>10,000</u>
Total current assets	<u>1,667,561</u>
 NONCURRENT ASSETS:	
Assets held for resale	2,743,403
Mortgages receivable-net of current	3,199,211
Contributions receivable-net of current	<u>10,000</u>
Total noncurrent assets	<u>5,952,614</u>
TOTAL ASSETS	<u><u>\$ 7,620,175</u></u>

LIABILITIES

CURRENT LIABILITIES	
Accounts payable	\$ 132,794
Accrued property taxes	1,880
Amounts due to Union Township	1,117,283
Notes payable-current	<u>511,289</u>
Total current liabilities	<u>1,763,246</u>
 NONCURRENT LIABILITIES	
Notes payable-net of current	1,649,247
Deferred contributions	<u>10,000</u>
Total noncurrent liabilities	<u>1,659,247</u>
TOTAL LIABILITIES	<u><u>\$ 3,422,493</u></u>

NET ASSETS

Unrestricted	<u>\$ 4,197,682</u>
TOTAL NET ASSETS	<u><u>\$ 4,197,682</u></u>

See accompanying notes to the financial statements.

**UNION TOWNSHIP, CLERMONT COUNTY COMMUNITY
IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES:			
Cash contributions from Union Township	\$ 35,500	\$ 1,131,000	\$ 1,166,500
Asset contributions from Union Township	-	988,000	988,000
Other contributions	10,000	-	10,000
Lease revenues	65,000	-	65,000
Mortgage revenues	33,965	-	33,965
Interest	584	-	584
Net assets released from restriction	2,119,000	(2,119,000)	-
 Total Revenues	 <u>2,264,049</u>	 <u>-</u>	 <u>2,264,049</u>
EXPENSES:			
Program services:			
Economic development	277,409	-	277,409
Support services:			
Return of project proceeds to Union Township	1,763,249	-	1,763,249
Interest expense	33,390	-	33,390
Administrative and general operating expense	442	-	442
 Total Expenses	 <u>2,074,490</u>	 <u>-</u>	 <u>2,074,490</u>
 CHANGE IN NET ASSETS	 <u>189,559</u>	 <u>-</u>	 <u>189,559</u>
Net assets beginning of year	4,008,123	-	4,008,123
Net assets end of year	<u>\$ 4,197,682</u>	<u>\$ -</u>	<u>\$ 4,197,682</u>

See accompanying notes to the financial statements.

**UNION TOWNSHIP, CLERMONT COUNTY COMMUNITY
IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Cash flows from operating activities:	
Increase in net assets	\$ 189,559
Adjustments to reconcile increase in net assets to cash provided by operating activities	
Non cash contributions	(998,000)
Decrease in accrued property taxes payable	(9,259)
Increase in amounts due to Union Township	<u>1,110,266</u>
Net cash provided by operating activities	<u>292,566</u>
Cash flows from investing related activities:	
Proceeds from mortgages receivable	202,603
Proceeds from loan receivable	1,000,000
Proceeds from sales of asset held for resale	440,708
Proceeds from note	2,600,000
Purchases of assets held for resale	(2,873,207)
Principal retirement on note	<u>(459,464)</u>
Net cash provided by investing activities	<u>910,640</u>
Net increase in cash and cash equivalent	1,203,206
Cash and cash equivalents at beginning of year	<u>90,944</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,294,150</u></u>

See accompanying notes to the financial statements.

**UNION TOWNSHIP, CLERMONT COUNTY
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Union Township, Clermont County Community Improvement Corporation, Inc. (Corporation) is a not-for-profit organization which derives the major source of its revenues from Union Township (Township) in the form of capital and cash contributions. The Corporation is considered a component unit of Union Township. The Corporation began operations in January 2011 for the purpose of fostering economic development in the Township, located in Clermont County, Ohio. The Corporation works with the Township in many aspects of the overall adopted economic development strategy of the Township with its current efforts focused on facilitating industrial and retail development.

On April 26, 2012, the Corporation's Board of Trustees approved Resolution 2012-02 whereby the Corporation agreed to refund any and all proceeds arising from the sale, lease, or transfer, or other contractual agreement, including but not limited to the lease payments, sale payments or other consideration to Union Township in support of its mission as the agency for development of Union Township.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Corporation follows the recommendations of the Financial Accounting Standards Board ASC 958, *Financial Statements of Not-For-Profit Organizations*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – Net assets that are not subject to donor or grantor imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Corporation and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets resulting from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Corporation.

The Corporation's activities are reported as unrestricted and temporarily restricted for the year ended December 31, 2015.

**UNION TOWNSHIP, CLERMONT COUNTY
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)**

Cash and Cash Equivalents

The Corporation considers all short-term investments with an original maturity of three months or less when acquired to be cash equivalents for the cash flows statement. The Corporation had no cash equivalents at December 31, 2015.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donations of property are recorded as contributions at their estimated fair value at the date of the donation.

Income Taxes

The Corporation is a not-for-profit organization exempt from income taxes under Section 501(c) (3) of the Internal Revenue and is not required to file a Federal Return of Organizations Exempt from Income Tax. Accordingly, no provision for federal income tax is required.

Concentration of Credit Risk

The Corporation's cash balances in financial institutions at times throughout the year may exceed federally insured limits. No losses in such accounts have been experienced and, as a result, management believes it is not exposed to any significant credit risk related to its cash deposits.

Estimates

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

NOTE 2 – CASH

As of December 31, 2015, the Corporation maintains an interest bearing checking account with a recorded value of \$1,294,150.

**UNION TOWNSHIP, CLERMONT COUNTY
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)**

NOTE 3 – MORTGAGES RECEIVABLE

Mortgages receivable consist of the following:

<u>Property</u>	<u>Total</u>
3944 Nine Mile Road	\$ 233,434
Restle Investments, LLC	315,350
Madiera Place, LLC	433,333
Eastgate Brew & View, LLC	2,580,505
Total	<u><u>\$3,562,622</u></u>

During 2012, the Corporation received real property located at 3944 Nine Mile Road valued at \$298,000 from Union Township to be sold to an individual for economic development purposes. The Corporation entered into a mortgage agreement to sell the property to the individual for \$298,000. The non-interest bearing mortgage is secured by the property with repayment scheduled as equal monthly amounts of \$1,655.55 over 15 years beginning on November 1, 2012.

During 2012, the Corporation purchased property located at 4372 Mt. Carmel-Tobasco Road for future development. The property was sold during 2013 by the Corporation and entered into a mortgage agreement with Restle Investments, LLC. Restle Investments, LLC established the Mt Carmel Brewery on the property. During 2015, the Corporation entered into a new mortgage agreement with Restle Investments, LLC in the amount of \$320,276. The mortgage allowed Restle Investments, LLC to payoff the remaining balance of the 2012 mortgage, refinance a privately held mortgage on property located 4362 Mt. Carmel-Tobasco Road and to purchase additional property located at 4366 Mt. Carmel-Tobasco Road. The mortgage is secured by the 3 properties and repayment is scheduled as equal monthly amounts, including interest at 6 percent, of \$2,294.55 over 20 years commencing on July 1, 2015.

During 2015, the Corporation received approximately 14 acres of real property located within the Terrace Ridge subdivision area valued at \$650,000 from Union Township to be sold for economic development purposes. The Corporation sold the property and entered into a mortgage agreement for the balance of the sales contract with Madiera Place, LLC in the amount of \$541,667. The non-interest bearing mortgage is secured by the property and with repayment scheduled for \$108,333.34 due December 30, 2015, \$216,666.66 due December 30, 2016 and \$216,666.66 due December 30, 2017.

During 2015, the Corporation entered into a leasehold mortgage agreement with Eastgate Brew & View, LLC in the amount of \$2,600,000 for the funding provided by the Corporation to make renovations and fixtures for the Eastgate Brew and View movie theater located within the Jungle Jim's International Marketplace. The leasehold mortgage is secured by the renovations and fixtures made as well as other security interests in as outlined in the leasehold mortgage and repayment is scheduled as equal monthly amounts, including interest at 5 percent, of \$20,560.63 over 15 years commencing on November 1, 2015.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

On December 14, 2012, the Corporation received a \$50,000 cash contribution from Union Township to purchase a property located at 4372 Mt. Carmel-Tobasco Road for future development. The Corporation sold the property during 2013, however, and certain conditions relating to the original acquisition of the property remain outstanding.

**UNION TOWNSHIP, CLERMONT COUNTY
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)**

The Corporation original purchase agreement with Mt. Washington Savings required a cash payment of \$50,000 by the Corporation and the issuance of a non interest bearing promissory note for \$50,000. The note is payable in 5 years at \$10,000 per year. Terms of the note further provide that as long as the Corporation maintains a status as a 501 (c) (3) entity under the Internal Revenue Code, the Mt. Washington Savings Bank shall make five annual contributions of \$10,000 to the Corporation as a forgiveness of the debt owed under the note. As of December 31, 2015, the balance of the related promissory note and contribution receivable is \$20,000.

NOTE 5 – ASSETS HELD FOR RESALE

Assets held for resale represent properties contributed by Union Township or acquired by the Corporation using cash contributions from Union Township. These properties are being held for resale to promote future development within Union Township.

<u>Year / Property Address</u>	<u>Cost</u>
<i>2011</i>	
7 parcels Glen Este-Withamsville Road	\$ 767,500
<i>2013</i>	
3966 Picadilly Circle	25,627
4297-4299 Glen Este-Withamsville Road	124,665
4345 Glen Este-Withamsville Road	54,181
4298 Glen Este-Withamsville Road	160,036
<i>2014</i>	
4309 Glen Este-Withamsville Road	126,119
4303 Glen Este-Withamsville Road	106,040
507 Picadilly Circle	100,978
4323 Glen Este-Withamsville Road	429,872
4319 Glen Este-Withamsville Road	259,331
4339 Glen Este-Withamsville Road	497,703
<i>2015</i>	
952 Clough Pike	91,351
Total	<u><u>\$2,743,403</u></u>

**UNION TOWNSHIP, CLERMONT COUNTY
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)**

NOTE 6 – DEBT

Changes in the debt during 2015 were as follows:

	Balance January 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2015</u>	Due Within <u>One Year</u>
2015 Promissory Note	\$ -	\$2,600,000	(\$459,464)	\$2,140,536	\$501,289
Mt. Washington Savings Bank Note	<u>30,000</u>	-	<u>(10,000)</u>	<u>20,000</u>	<u>10,000</u>
Total	<u>\$30,000</u>	<u>\$2,600,000</u>	<u>(\$469,464)</u>	<u>\$2,160,536</u>	<u>\$511,289</u>

The 2015 Promissory Note was issued by the Corporation in conjunction with a cooperative agreement with Union Township, Eastgate Brew and View, LLC and WesBanco Bank Incorporated to provide funding to the developer for renovations and fixtures for the Eastgate Brew and View movie theater located within the Jungle Jim's International Marketplace. The notes were issued on May 26, 2015 in the amount of \$2,600,000 and carry an interest rate of 3.53%. An initial payment on the note made by the Corporation due November 1, 2015 included an additional principal payment of \$213,769 in excess of the scheduled loan principal payment due of \$245,695. Repayment of the note is secured by a leasehold mortgage from the developer, Eastgate Brew and View, LLC, to the CIC, along with other pledges made by the Township and the developer

As further discussed in Note 3, during 2012, the Mt. Washington Savings Bank Note was a non-interest, five year note issued for a total of \$50,000 in conjunction with the purchase of a property located at 4372 Mt. Carmel-Tobasco Road. The Corporation sold the property during 2013, however, certain conditions of the note remain outstanding. The Note provides that as long as the Corporation maintains a status as a 501 (c) (3) entity under the Internal Revenue Code, the Mt. Washington Savings Bank will make annual contributions of \$10,000 to the Corporation as a forgiveness of the debt. As of December 31, 2015, the balance of the Note and related contribution receivable is \$20,000.

The future principal and interest requirements scheduled to retire the remaining balances of the notes are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 511,289	\$ 71,175	\$ 582,464
2017	529,141	53,323	582,464
2018	537,627	34,837	572,464
2019	556,774	15,690	572,464
2020	25,705	456	26,161
Total	<u>\$2,160,536</u>	<u>\$175,481</u>	<u>\$2,336,017</u>

**UNION TOWNSHIP, CLERMONT COUNTY
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)**

NOTE 7 – RETURN OF PROJECT PROCEEDS

In accordance with the Corporation’s Resolution 2012-02, the Corporation has agreed to pay any and all proceeds arising from the sale, lease, transfer, or other contractual agreement, including but not limited to the lease payments, sale payments or other consideration, to Union Township. During 2015, the Corporation received the following items that have been or are due to be returned to Union Township:

<u>Item</u>	<u>Amount</u>
Jungle Jim’s Eastgate, LLC loan interest payments	\$ 65,000
Jungle Jim’s Eastgate, LLC loan repayment	1,000,000
Mortgage payments received - 3944 Nine Mile Road	21,522
Mortgage payments received - Restle Investments, LLC	65,591
Proceeds from sale and mortgage payments - Madiera Place, LLC	213,625
Proceeds from property sale - Estates at Shaylor Ridge	323,700
Proceeds from 2 property sales - Habitat for Humanity	11,717
Mortgage and other payments received - Eastgate Brew and View, LLC	48,267
Property tax rebates - various properties	13,827
Total	<u><u>\$1,763,249</u></u>

NOTE 8 – JUNGLE JIM’S SPECIAL IMPROVEMENT DISTRICT

During 2011, the Corporation received funding from Union Township and completed the acquisition of property formerly known as the Bigg’s Place Mall. In connection with the purchase, the Corporation entered into a lease agreement with Jungle Jim’s Eastgate LLC, for the establishment of the Jungle Jim’s Eastgate International Market. During 2013, the Corporation sold the property to a developer.

As part of the sale of the property, the Clermont County Port Authority (Port) issued \$22,705,000 of Economic Development Special Obligation Bonds and purchased the property from the developer. To secure the Bonds issued by the Port, Union Township created a Jungle Jim’s Economic Development Special Improvement District (SID) to levy a special assessment on the development and pledged all proceeds collected under the SID, a Guaranty executed by the Guarantor, and other Township revenues pursuant to the Cooperative and Trust agreements. The special assessment will be levied and collected by the Township and paid to the Port in semi-annual installments for 20 years in an amount equal to annual debt service on the bonds paid by the Port, plus an amount not to exceed \$25,000 for annual administrative expenses of the SID.

To provide a security interest for the Corporation and Union Township, title to the property was transferred from the Port to the Corporation, for nominal value. The developer maintains an option to purchase the title to the development from the Corporation by retiring the remaining outstanding balance of the Series 2013 Bonds issued by the Port.

NOTE 9 – CONCENTRATION

Approximately 95% of the Corporation’s revenue is from Union Township. In addition, the Corporation has agreed to refund any and all proceeds arising from the sale, lease, or transfer, or other contractual agreement to Union Township in support of its mission as the agency for development of Union Township.

**UNION TOWNSHIP, CLERMONT COUNTY
COMMUNITY IMPROVEMENT CORPORATION, INC.
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(continued)**

NOTE 10 – SUBSEQUENT EVENTS

On April 14, 2016 the Board of Trustees approved Resolution No. 2016-01 authorizing a Cooperative Refinancing Agreement between the Corporation, Union Township, Eastgate Brew & View, LLC and Park National Bank. Under the proposed agreement, the Corporation will borrow \$3,050,000 with proceeds to be used to retire the existing balance of the 2015 Promissory Note with WesBanco Bank Incorporated as well as providing funding for further site improvements. Eastgate Brew & View, LLC will provide funding for the retirement of the loan under a revised leasehold mortgage agreement. The Cooperative Refinancing Agreement is expected to be formally executed during May, 2016.

Bastin & Company, LLC

Certified Public Accountants

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

Union Township, Clermont County Community
Improvement Corporation, Inc.
Clermont County
4350 Aicholtz Road
Cincinnati, Ohio 45245

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 Union Township, Clermont County Community Improvement Corporation, Inc. Clermont County, Ohio (the Corporation), a component unit of Union Township, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated April 30, 2016.

Internal Controls Over Financial Reporting

As part of our financial statement audit, we considered the Corporation'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 Corporation'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 Corporation'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 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, 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 Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bastin & Company, L L C". The signature is written in a cursive style and is centered within a light gray rectangular background.

Cincinnati, Ohio
April 30, 2016

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Dave Yost • Auditor of State

UNION TOWNSHIP 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 21, 2016**