

RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION
(A Component Unit of the City of Riverside)

MONTGOMERY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
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www.bhscpas.com



Mary Taylor, CPA
Auditor of State

Board of Trustees
Riverside Community Improvement Corporation
1791 Harshman Road
Riverside, Ohio 45424

We have reviewed the *Independent Auditors' Report* of the Riverside Community Improvement Corporation, Montgomery County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2006 through December 31, 2006. 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. The Riverside Community Improvement Corporation is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 4, 2007

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RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION
MONTGOMERY COUNTY, OHIO
FOR THE YEAR ENDED DECEMBER 31, 2006

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Independent Auditors' Report

Riverside Community Improvement Corporation
Montgomery County
1791 Harshman Road
Riverside, Ohio 45424

To the Board of Trustees:

We have audited the accompanying statement of financial position of the Riverside Community Improvement Corporation, Montgomery County, which is a component unit of the City of Riverside, as of December 31, 2006. This financial statement is the responsibility of the Riverside Community Improvement Corporation's management. Our responsibility is to express an opinion on this financial statement 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Riverside Community Improvement Corporation, as of December 31, 2006, 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 29, 2007 on our consideration of the Riverside Community Improvement 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Balestra, Harr & Scherer
June 29, 2007

Riverside Community Improvement Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2006

This discussion and analysis, along with the accompanying financial report, of the Riverside Community Improvement Corporation (the "Corporation") is designed to provide our creditors and other interested parties with a general overview of the Corporation and its financial activities.

FINANCIAL HIGHLIGHTS

The total assets of the Corporation equaled liabilities on December 31, 2006. The Corporation's net assets remained at \$0 on December 31, 2006.

The Corporation incurred no transactions in 2006

The Corporation issued no additional long term debt in 2006.

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 Financial Position** 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 Corporation had no net assets at December 31, 2006.

The **Statement of Activities** provides information on the Corporation's operations over the past year. Revenues are reported when earned and expenses are reported when incurred. The Corporation incurred no transactions in 2006, therefore no Statement of Activities is presented.

The **Statements of Cash Flows** provides information about the Corporation's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing and financing activities. The Corporation incurred no transactions in 2006, therefore no Statement of Cash Flows is presented.

NET ASSETS

Table 1 summarizes the Net Assets of the Corporation.

TABLE 1

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Real Estate Held for Resale	<u>\$109,941</u>	<u>\$109,941</u>	<u>\$0</u>
Total Assets	<u><u>109,941</u></u>	<u><u>109,941</u></u>	<u><u>0</u></u>
Loan Payable	<u>109,941</u>	<u>109,941</u>	<u>0</u>
Total Liabilities	<u><u>\$109,941</u></u>	<u><u>\$109,941</u></u>	<u><u>\$0</u></u>

The Corporation's Net Assets remained at \$0 for 2006.

Riverside Community Improvement Corporation

Management's Discussion and Analysis

For the Year Ended December 31, 2006

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Table 2 below summarizes the changes in revenues and expenses and the resulting change in net assets.

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Operating Revenues	<u>\$0</u>	<u>\$17,060</u>	<u>(\$17,060)</u>
Total Operating Revenues	<u>0</u>	<u>17,060</u>	<u>17,060</u>
Professional Services	<u>0</u>	<u>17,060</u>	<u>17,060</u>
Total Operating Expenses	<u>0</u>	<u>17,060</u>	<u>17,060</u>
Changes in Net Assets	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Net Assets at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Revenues and expenses decreased by \$17,060 (100%). Decreased revenues and expenses were a result of real estate sales in 2005. No real estate sales, or other transactions, occurred during 2006.

CAPITAL ASSETS

Table 3 summarizes the Capital Assets of the Corporation.

TABLE 3

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Land	<u>\$109,941</u>	<u>\$109,941</u>	<u>\$0</u>

The Corporation had \$109,941 invested in real estate held for resale.

No transactions were incurred in 2006, therefore, no changes occurred in the Corporation's capital assets.

For additional information regarding capital assets, please see Note 3 of the *Notes to Basic Financial Statements*.

DEBT

Table 4 summarizes the long term debt of the Corporation.

The Corporation issued long term debt to finance much of its construction.

Table 4

	<u>2006</u>	<u>2005</u>	<u>Change</u>
City of Riverside Loan	<u>\$109,941</u>	<u>\$109,941</u>	<u>\$0</u>

The debt balance remained constant as no transactions were incurred during 2006.

For additional information regarding debt, please see Note 4 of the *Notes to Basic Financial Statements*.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Bryan Chodkowski, City Manager, City of Riverside, 1791 Harshman Road, Riverside, Ohio 45424.

**RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION
MONTGOMERY COUNTY**

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2006**

ASSETS

Real Estate held for Resale	<u>\$109,941</u>
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LIABILITIES

Due to Primary Government	<u>\$109,941</u>
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The notes to the basic financial statements are an integral part of this statement.

RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

NOTE 1 - NATURE OF ORGANIZATION AND REPORTING ENTITY

The Riverside Community Improvement Corporation, Montgomery County (the Corporation) was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial and civic development of the City of Riverside. The relationship between the City of Riverside and the Corporation is to promote development in the City. The financial statements of the Corporation are not material to the financial statements of the City of Riverside.

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

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Corporation are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Corporation. For Riverside Community Improvement Corporation, there are no other boards and agencies other than the Corporation.

Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board and (1) the Corporation is able to significantly influence the programs or services performed or provided by the organization; or (2) the Corporation is legally entitled to or can otherwise access the organization's resources; the Corporation is legally obligated to or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Corporation is obligated for the debt of the organization. Component units may also include organizations for which the Corporation approves the budget, the issuance of debt or levying of taxes. The Corporation has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Basis of Presentation - Fund Accounting

The accounts of the Corporation are organized on the basis of funds, each of which is considered a separate accounting entity. The Corporation has created a single type of fund and a single fund within that fund type. The fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses.

This fund accounts for the governmental resources allocated to it for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions.

The fund type that the Corporation uses is described below:

Proprietary Fund Type - This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the Corporation is the Enterprise Fund.

Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION

Notes to the Basic Financial Statements

For the Year Ended December 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. Measurement Focus and Basis of Accounting

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.

3. Land Held for Resale and Loan Payable

On January 4, 1999, the Corporation purchased 22.99 acres of land for \$120,000 located along Brandt Pike in Riverside, Ohio from the Archdiocese of Cincinnati. The Corporation intends to use the land as a business park and sell the land to prospective businesses to promote the economic development within the City of Riverside.

The Corporation financed an interest free loan of \$120,380 from the City of Riverside for the purchase of the land at the Business Park. The principal of the loan will become due and payable when the Corporation sells all or part of the land. The amount of principal to be repaid shall be \$120,000 multiplied by the percentage calculated by dividing the acres of land sold by 22.99 acres. The amount shall be paid within three business days of the closing of the sale of such land. Within fifteen days of the final principal repayment, the additional \$380 is due in full.

NOTE 3 - REAL ESTATE HELD FOR RESALE

Real Estate Held for Resale activity for the fiscal year ended December 31, 2006 is as follows:

Class	Balance 12/31/2005	Addition	Deletion	Balance 12/31/2006
Land	<u>\$109,941</u>	<u>\$0</u>	<u>\$0</u>	<u>\$109,941</u>

NOTE 4 - LONG-TERM DEBT

Long-term debt obligations and related transactions for the year ended December 31, 2006 are summarized below.

	Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006	Due Within One Year
Loan Payable	<u>\$109,941</u>	<u>\$0</u>	<u>\$0</u>	<u>\$109,941</u>	<u>\$0</u>

The Corporation incurred no transactions involving the long term debt during 2006, due to no land being sold during 2006.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Riverside Community Improvement Corporation
Montgomery County
1791 Harshman Road
Riverside, Ohio 45424

To the Board of Trustees:

We have audited the financial statement of the Riverside Community Improvement Corporation, Montgomery County (the Corporation), a component unit of the City of Riverside, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 29, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion 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 the normal course of 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 generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Corporation's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Corporation's internal control.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted a certain matter which we reported to management of the Corporation in a separate letter dated June 29, 2007.

This report is intended solely for the information and use of the audit committee, management and Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer

June 29, 2007



Mary Taylor, CPA
Auditor of State

RIVERSIDE COMMUNITY IMPROVEMENT CORPORATION

MONTGOMERY 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
SEPTEMBER 18, 2007**