



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION
FAIRFIELD COUNTY

REGULAR AUDIT

For the Year Ended December 31, 2011
Fiscal Year Audited Under GAGAS: 2011



Dave Yost • Auditor of State

Board of Trustees
Lancaster Area Community Improvement Corporation
109 North Broad Street
Lancaster, Ohio 43130

We have reviewed the *Independent Auditor's Report* of the Lancaster Area Community Improvement Corporation, Fairfield County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2011 through December 31, 2011. 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 Lancaster Area Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 4, 2012

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**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION
FAIRFIELD COUNTY**

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Independent Auditor's Report

Board of Trustees
Lancaster Area Community Improvement Corporation
109 North Broad Street
Lancaster, Ohio 43130

We have audited the accompanying statements of financial position of the Lancaster Area Community Improvement Corporation, Fairfield County, Ohio (the Corporation), as of and for the years ended December 31, 2011 and 2010, and the related statements of financial activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lancaster Area Community Improvement Corporation, Fairfield County, Ohio as of December 31, 2011 and 2010, and the changes in net assets and its cash flows thereof for the years 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 April 27, 2012, on our consideration of the Corporation's internal control over financial reporting and on 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.

Balestra, Harr & Scherer, CPAs, Inc.
April 27, 2012

Lancaster Area Community Improvement Corporation

*Statements of Financial Position
As of December 31, 2011 and 2010*

	<u>2011</u>	<u>2010</u>
Assets:		
Cash and Cash Equivalents	\$ 277,517	\$ 294,575
Accounts Receivable	2,350	1,100
Prepaid Insurance	1,197	1,197
Land for Investment/Sale	<u>1,605,618</u>	<u>1,605,618</u>
Total Assets:	<u>\$ 1,886,682</u>	<u>\$ 1,902,490</u>
Liabilities and Net Assets:		
Liabilities:		
Accrued Real Estate Tax	<u>\$ 7,345</u>	<u>\$ 7,321</u>
Total Liabilities:	<u>7,345</u>	<u>7,321</u>
Net Assets:		
Unrestricted	<u>1,879,337</u>	<u>1,895,169</u>
Total Liabilities and Net Assets:	<u>\$ 1,886,682</u>	<u>\$ 1,902,490</u>

See accompanying notes to the financial statements.

Lancaster Area Community Improvement Corporation
Statements of Financial Activities
For the Years Ended December 31, 2011 and 2010

	2011	2010
Unrestricted Net Assets:		
Revenues:		
Dues	\$ 3,600	\$ 1,700
Land Rentals	3,200	3,000
In-kind Rent	1,500	1,500
Interest Income	1,250	1,426
Total Revenues:	9,550	7,626
Expenses:		
Administrative Fee	3,000	3,000
Insurance	3,653	3,655
Accounting Services	2,640	2,640
Legal Services	450	450
Other Professional Services	6,793	6,384
Real Estate Taxes	7,346	10,070
In-kind Rent	1,500	1,500
Miscellaneous	-	341
Total Expenses:	25,382	28,040
Decrease in Unrestricted Net Assets	(15,832)	(20,414)
Net Assets, Beginning of Year	1,895,169	1,915,583
Net Assets, End of Year	\$ 1,879,337	\$ 1,895,169

See accompanying notes to the financial statements.

Lancaster Area Community Improvement Corporation

Statements of Cash Flows

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Decrease in Net Assets	\$ (15,832)	\$ (20,414)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Decrease (Increase) in Operating Assets:		
Accounts Receivable	<u>(1,250)</u>	<u>2,599</u>
Increase in Operating Liabilities:		
Accrued Real Estate Tax	<u>24</u>	<u>1,412</u>
Net Cash Used by Operating Activities:	<u>(17,058)</u>	<u>(16,403)</u>
Net Change in Cash and Cash Equivalents:	(17,058)	(16,403)
Cash and Cash Equivalents at Beginning of Year	<u>294,575</u>	<u>310,978</u>
Cash and Cash Equivalents at End of Year	<u>\$ 277,517</u>	<u>\$ 294,575</u>

See accompanying notes to the financial statements.

Lancaster Area Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2011 and 2010

NOTE 1-REPORTING ENTITY

Organization

The Lancaster Area Community Improvement Corporation (the Corporation) is an Ohio nonprofit corporation established for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial and civic development of the City of Lancaster and the surrounding community and county.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Corporation.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and payables.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its statement of Financial Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Currently, the Corporation has only unrestricted net assets.

Revenue Recognition

Income from membership dues, fees, and land sales is recognized over the period to which the dues, fees, and land sales relate.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with initial maturities of three months or less.

Equipment

Equipment is stated at cost and is depreciated over the estimated useful lives by the straight-line method for financial reporting purposes. Repairs and maintenance are charged to operations when incurred and improvements and additions are capitalized. When equipment is sold, or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Donated Property

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

Federal Income Taxes

The Corporation was incorporated as a nonprofit entity and is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code.

Lancaster Area Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2011 and 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land

Original land available for sale is stated at its appraised value, which approximates market value at the time of donation. Subsequent land purchases and costs to prepare the land for sale are stated at cost. As land is sold, an allocation of cost for those acres sold is charged to operations.

Estimates

Management uses estimates and assumptions in preparing the financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

NOTE 3-CASH AND CASH EQUIVALENTS

At December 31, 2011 and 2010 cash and cash equivalents consisted of the following:

	<u>2011</u>	<u>2010</u>
Demand Deposits	<u>\$277,517</u>	<u>\$294,575</u>

At the end of the year, the carrying amount of the Corporation's deposits was insured by the Federal Depository Insurance Corporation.

NOTE 4-LAND

The Corporation owns the land known as the Rockmill Corporate Park. The Rockmill Corporate Park consisted of approximately 204.26 acres of land at December 31, 2011. The Corporation promotes the sale of this land in Fairfield County to prospective industrial clients.

In 2002, an agreement was entered into between the Corporation and the City of Lancaster where the City agreed to construct various infrastructure improvements on the Phase II portion of the Corporation's Rockmill Corporate Park. Ownership of these improvements is retained by the City and, upon sale of such parcels, the Corporation has agreed to remit \$37,800 per acre for the first eighteen acres sold and \$31,500 per acre for the remaining acreage. The total reimbursement to the City will be \$5,625,900. For the years ended December 31, 2011 and 2010, the Corporation had no land sales involved with this agreement.

NOTE 5-FURNITURE AND EQUIPMENT

Property and equipment consists of:

	<u>2011</u>	<u>2010</u>
Cost	\$3,021	\$3,021
Less: Accumulated Depreciation	(3,021)	(3,021)
Net Furniture and Equipment	<u>\$0</u>	<u>\$0</u>

NOTE 6-LEASES

Annual leases have been negotiated for tenants to occupy and use, for agricultural purposes, the remaining tillable acres of land owned by the Corporation. Credit was allowed for land rendered untiltable by construction work or a direct reimbursement may be made to the lessee for crops destroyed. Leases were renewed on a yearly basis at the discretion of the Board of Trustees. For 2011, the lease was negotiated for \$3,200; for 2010, the lease was negotiated for \$3,000.

Lancaster Area Community Improvement Corporation

Notes to the Financial Statements

For the Years Ended December 31, 2011 and 2010

NOTE 7-ADMINISTRATIVE FEE

A management fee is paid to the Lancaster Area Chamber of Commerce. The Corporation uses the Chamber's facilities and personnel. The fees for the years ended December 31, 2011 and 2010 were \$3,000.

NOTE 8-IN-KIND RENT

The Lancaster Area Chamber of Commerce furnishes approximately 200 square feet of office space at no charge for use of the Corporation. In-kind revenues and expenses are computed using the market rental value of \$7.50 per square foot, which for the years ended December 31, 2011 and 2010 were \$1,500.

NOTE 9 – INSURANCE

The Lancaster Area Community Improvement Corporation maintains property insurance through a private insurance carrier. There has been no significant change in coverage in the past three years. There have been no claims that canceled coverage in the past three years.



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Lancaster Area Community Improvement Corporation
Fairfield County
109 North Broad Street
Lancaster, Ohio 43130

To the Board of Trustees:

We have audited the financial statements of the Lancaster Area Community Improvement Corporation, Fairfield County, (the Corporation), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 27, 2012. 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*.

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
April 27, 2012



Dave Yost • Auditor of State

LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION

FAIRFIELD 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 14, 2012**