

428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569



Certified Public Accountants, A.C.

**LANCASTER AREA COMMUNITY  
IMPROVEMENT CORPORATION  
FAIRFIELD COUNTY  
Regular Audit**

**For the Year Ended December 31, 2014**

[www.perrycpas.com](http://www.perrycpas.com)

*...“bringing more to the table”*

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Board of Trustees  
Lancaster Area Community Improvement Corporation  
109 North Broad Street, Suite 100  
Lancaster, OH 43130

We have reviewed the *Independent Auditor's Report* of the Lancaster Area Community Improvement Corporation, Fairfield County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2014. 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

November 10, 2015

**This page intentionally left blank.**

LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report.....	1
Financial Statements:	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Cash Flows .....	5
Notes to the Financial Statements .....	6
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	10
Schedule of Audit Findings.....	12
Schedule of Prior Audit Findings .....	13



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

## INDEPENDENT AUDITOR'S REPORT

July 31, 2015

Lancaster Area Community Improvement Corporation  
Fairfield County  
109 North Broad Street, Suite 100  
Lancaster, OH 43130

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of **Lancaster Area Community Improvement Corporation**, Fairfield County, Ohio (the Corporation), (a nonprofit organization) which comprise the statement of financial position, and the related statements of activities and cash flows as of and for the year ended December 31, 2014, and the related notes to the financial statements.

### ***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 the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.



...***"bringing more to the table"***

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •  
• Association of Certified Anti - Money Laundering Specialists •



**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 as of December 31, 2014, 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 July 31, 2015, 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 246,450	\$ 233,529
Accounts Receivable	-	300
Prepaid Insurance	1,290	1,197
Land Sale Receivable	215,376	-
Loan Receivable: Current Portion	44,120	-
Total Current Assets	507,236	235,026
<b>Noncurrent Assets</b>		
Land for Investment/Sale	1,485,100	1,605,618
Loan Receivable: Long Term Portion	88,232	-
Total Long Term Assets	1,573,332	1,605,618
TOTAL ASSETS	\$ 2,080,568	\$ 1,840,644
<b>LIABILITIES</b>		
Accrued Real Estate Tax	\$ 11,702	\$ 12,207
Payable to City of Lancaster	65,356	-
TOTAL LIABILITIES	77,058	12,207
<b>NET ASSETS</b>		
Unrestricted	2,003,510	1,828,437
TOTAL NET ASSETS	2,003,510	1,828,437
TOTAL LIABILITIES AND NET ASSETS	\$ 2,080,568	\$ 1,840,644

The accompanying notes to the financial statements are an integral part of this statement.

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
REVENUES		
Sale of Land	\$ 413,517	\$ -
Dues	1,900	1,850
Land Rentals	-	3,200
In-kind Rent	1,500	1,500
Property Tax Refund	-	504
Interest Income	3,709	796
TOTAL REVENUES	<u>420,626</u>	<u>7,850</u>
EXPENSES		
Administrative Fees	14,406	5,351
Insurance	3,736	3,712
Auditing Services	2,603	5,840
Legal Services	382	450
Other Professional Services	3,160	7,279
Real Estate Taxes	11,751	12,207
In-kind Rent	1,500	1,500
Cost of Sale	208,015	-
TOTAL EXPENSES	<u>245,553</u>	<u>36,339</u>
CHANGE IN NET ASSETS	175,073	(28,489)
NET ASSETS, BEGINNING OF YEAR	<u>1,828,437</u>	<u>1,856,926</u>
NET ASSETS, END OF YEAR	<u>\$ 2,003,510</u>	<u>\$ 1,828,437</u>

The accompanying notes to the financial statements are an integral part of this statement.

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 175,073	\$ (28,489)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Decrease (Increase) in Operating Assets:		
Land Held for Sale	120,518	-
Land Sale Receivable	(347,728)	-
Prepaid Insurance	(93)	-
Accounts Receivable	300	(250)
	(227,003)	(250)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	65,356	-
Accrued Real Estate Tax	(505)	4,234
	64,851	4,234
Net Cash Provided (Used) by Operating Activities	12,921	(24,505)
Net Change in Cash and Cash Equivalents	12,921	(24,505)
Cash and Cash Equivalents, Beginning of Year	233,529	258,034
Cash and Cash Equivalents, End of Year	\$ 246,450	\$ 233,529

The accompanying notes to the financial statements are an integral part of this statement.

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

Lancaster Area Community Improvement Corporation (the Corporation), is an Ohio non-profit corporation created in 1981 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.

Management believes the financial statements included in this report represent all of the activities over which the Corporation is financially accountable.

**B. BASIS OF ACCOUNTING**

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

**C. BASIS OF PRESENTATION**

The Corporation has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) No. 958-210, *Presentation of Financial Statements*. Under ASC 958-210. The Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**D. REVENUE RECOGNITION**

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

**E. CASH AND CASH EQUIVALENTS**

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

**F. 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.

**G. DONATED PROPERTY**

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

**H. FEDERAL INCOME TAX**

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 YEAR ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. FEDERAL INCOME TAX (Continued)**

Accounting principles generally accepted in the United States require management to evaluate tax positions taken and recognize a tax liability (or asset) if an uncertain tax position has been taken that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken The Corporation that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Corporation's Federal Return of Organization Exempt from Income Tax (Form 990) for 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

**I. 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.

**J. ESTIMATES**

Management uses estimates and assumptions in preparing 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 revenue and expenses. Actual results could differ from those estimates.

**2. DEPOSITS WITH FINANCIAL INSTITUTIONS**

At December 31, 2014 and 2013 cash and cash equivalents consisted of the following:

	2014	2013
Demand Deposits	\$ 146,450	\$ 133,529
Certificates of Deposit	100,000	100,000
Total Deposits	\$ 246,450	\$ 233,529

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

**3. LAND**

The Corporation owns the land known as the Rockmill Corporate Park. The Rockmill Corporate Park consisted of approximately 187.48 acres of land at December 31, 2014. 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.

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013  
(CONTINUED)**

**3. LAND (Continued)**

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 \$5,635,900. During the year ended December 31, 2014, the Corporation sold 1.729 acres of this land and now owes the City of Lancaster \$65,356.

**4. ASSETS HELD FOR RESALE**

Assets held for resale consist of the following properties:

Parcel Number and Description	Cost
053-13530-00; Mill Park Drive, Rock Mill Corporate Park	\$ 74,418
053-13531-00; Mill Park Drive, Rock Mill Corporate Park	132,774
053-13532-00; Mill Street, Rock Mill Corporate Park	290,429
053-13533-00; Mill Park Drive, Rock Mill Corporate Park	203,300
053-13534-00; Mill Park Drive, Rock Mill Corporate Park	161,744
057-10018-00; Anchor Avenue, Rock Mill Corporate Park	50,183
057-10019-00; Anchor Avenue, Rock Mill Corporate Park	65,067
053-10040-10; South Mill Park Drive; R 19 T 15 S 33 NE	492,409
053-10040-40; W Fair Avenue, R 19 T 15 S 33 NE	14,776
Total	\$ 1,485,100

**5. FURNITURE AND EQUIPMENT**

Furniture and equipment consists of:

	2014	2013
Cost	\$ 3,021	\$ 3,021
Less: Accumulated Depreciation	(3,021)	(3,021)
Net Furniture and Equipment	\$ -	\$ -

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013**  
**(CONTINUED)**

**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 untillable 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 2014 and 2013, the lease was negotiated for \$3,200, but was not collected in 2014.

**7. LOANS RECEIVABLE**

On March 27, 2013, the Corporation provided a loan of \$176,000 with an interest rate of 1.51 percent in Year 1, 2.02% in Year 2, 3.03% in Year 3, and 6.05% in Year 4, to Electrotek for use in the Company's site development. Payment terms for the loan require yearly payments of \$46,830 including interest and principal. The loan has an early payoff option, but the total amount collected will not be less than \$187,320 and is due on or before June 1, 2017.

**8. 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, 2014 and 2013 were \$10,069 and \$5,351, respectively.

**9. 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, 2014 and 2013 were \$1,500.

**10. INSURANCE**

The Corporation maintains property insurance through a private insurance carrier. There has been no significant change in coverage in the past four years. There have been no claims that exceeded coverage in the past four years.

**11. SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through July 31, 2015, the date which the financial statements were available to be issued. No events occurred subsequent to July 31, 2015 that would require adjustment or disclosure in the financial statements.



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

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

July 31, 2015

Lancaster Area Community Improvement Corporation  
Fairfield County  
109 North Broad Street, Suite 100  
Lancaster, Ohio 43130

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 the **Lancaster Area Community Improvement Corporation**, Fairfield County (the Corporation) (a nonprofit organization) as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated July 31, 2015.

***Internal Control 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a 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. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of audit findings to be material weaknesses.



**... "bringing more to the table"**

Tax- Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll

Litigation Support - Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •



***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 that we must report under *Government Auditing Standards*.

***Entity's Response to Findings***

The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Corporation's responses and, accordingly, we express no opinion on them.

***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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION  
SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2014-001**

**Material Weakness**

**Accrued Liabilities Adjustment**

Sound financial reporting is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We determined that one year-end closing entry was not recorded by the Corporation at year end. All transactions should be recorded; including making sure expenses are recorded correctly in each year.

It was noted the Corporation did not ensure the year-end entry for real estate taxes payable was posted to the accounting system. Real estate taxes were incurred in 2014, however this expenditure was not recognized on the financial statements as a real estate tax expense and a corresponding accounts payable liability in 2014.

We recommend all entries be prepared and approved by management prior to year-end closing and preparation of the financial statements.

**Officials' Response** – Management will review year-end financial statements to ensure that all account payables are properly recorded for the year in which the expense is recognized.

**FINDING NUMBER 2014-002**

**Material Weakness**

**Sale of Land**

In 2014, the Corporation engaged in an agreement to sell several plots of land to two different vendors. The first sale was a single plot sale paid to the seller in 4 installments. The second sale was for two separate plots and was to be paid per the payment agreement. These sales were not properly recorded in the accounting system, therefore the financial statements were materially misstated. We adjusted the financial statements and the Corporation has made these adjustments to its system.

We recommend all changes in capital assets be recorded in the accounting system, etc.

**Officials' Response** – Management will review year-end financial statements to ensure that all land sales for that year are properly recorded and represented in the year in which the sale agreement was executed.

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2013-001	Noncompliance – not filing annual reports with AOS	Yes	Corrected
2013-002	Material Weakness – real estate payable adjustment	No	Not corrected, repeated as finding 2014-001



# 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  
NOVEMBER 24, 2015**