



Dave Yost • Auditor of State

**LOCAL ORGANIZED GOVERNMENTS IN COOPERATION
STARK COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Local Organized Governments in Cooperation
Stark County
5735 Wales Ave NW
Massillon, Ohio 44646

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements and related notes of Local Organized Governments in Cooperation, Stark County, Ohio, (LOGIC) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 LOGIC'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 LOGIC'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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, LOGIC prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though LOGIC does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of LOGIC as of December 31, 2016 and 2015 or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Local Organized Governments in Cooperation, Stark County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2017, on our consideration of LOGIC'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 LOGIC's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 11, 2017

Local Organized Governments in Cooperation
Stark County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

For the Year Ended December 31, 2016

Operating Cash Receipts	
Charges for Services	\$1,887,716
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>1,887,716</i>
	<hr/>
Operating Cash Disbursements	
Salaries	1,377,917
Employee Fringe Benefits	221,711
Purchased and Contracted Services	344,080
Supplies and Materials	32,955
Other	112
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>1,976,775</i>
	<hr/>
<i>Operating (Loss)</i>	<i>(89,059)</i>
	<hr/>
Non-Operating Receipts	
Earnings on Investments	744
	<hr/>
<i>Total Non-Operating Receipts</i>	<i>744</i>
	<hr/>
<i>Net Change in Fund Cash Balances</i>	<i>(88,315)</i>
	<hr/>
<i>Fund Cash Balances, January 1</i>	<i>774,913</i>
	<hr/>
<i>Fund Cash Balances, December 31</i>	<i>\$686,598</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statements

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LOCAL ORGANIZED GOVERNMENTS IN COOPERATION
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1- DESCRIPTION OF THE ENTITY

Local Organized Governments in Cooperation, Stark County, (LOGIC) was established by its member political subdivisions as a regional council under Chapter 167 of the Ohio Revised Code for the purpose of operating the Regional Emergency Dispatch (RED) Center. LOGIC operates under the direction of the Board of Trustees, which consists of one representative designated by each permanent member political subdivision. The permanent member subdivisions are the City of Massillon, Jackson Township, City of Canal Fulton, Village of Hills and Dales, and Lawrence Township.

LOGIC's management believes these financial statements present all activities for which LOGIC is financially accountable.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. Basis of Accounting

These financial statements follow the accounting permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. LOGIC recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

B. Basis of Presentation

LOGIC's financial statements consist of a statement of receipts, disbursements and changes in fund balances (cash basis) for the proprietary fund.

C. Fund Accounting

LOGIC uses funds to maintain its financial records during the year and presents activity in a single enterprise fund. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Enterprise Funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges.

D. Deposits and Investments

All cash received by LOGIC is maintained in demand deposit accounts and are included in the cash balance.

LOCAL ORGANIZED GOVERNMENTS IN COOPERATION
 STARK COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

E. Budgetary Process

Unlike traditional governments located in the State of Ohio, LOGIC is not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705. However, according to the bylaws of LOGIC, an annual operating budget is prepared by the management team, comprised of each fire or police chief whose dispatching is conducted by RED, and submitted to LOGIC detailing all anticipated expenses of RED.

F. Capital Assets

LOGIC records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Employer Contributions to Cost-Sharing Pension Plans

LOGIC recognizes the disbursement for employer contributions to cost –sharing pension plans when they are paid. As described in Note 5, the employer contributions include portions for pension benefits and for postretirement health care benefits.

NOTE 3- EQUITY IN POOLED DEPOSITS AND INVESTMENTS

Deposits are insured by the Federal Depository Insurance Corporation. At year-end, the carrying amount of LOGIC’s deposits was \$686,598 and the bank balance was \$718,901. At December 31, 2016, of the bank balance, \$500,000 was covered by the federal depository insurance and \$218,901 was uninsured.

NOTE 4- BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016 follows:

<u>2016 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Enterprise	\$1,912,191	\$1,887,716	\$(24,475)

<u>2016 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Enterprise	\$2,035,035	\$2,076,775	\$ (41,740)

LOCAL ORGANIZED GOVERNMENTS IN COOPERATION
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 5- RETIREMENT SYSTEMS

LOGIC's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 227 East Town Street , Columbus, OH 43215-4642 or by calling (614)-222-6705 or (800) 222-7377.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10 percent of their gross salaries and LOGIC contributed an amount equaling 14 percent of participants' gross salaries. LOGIC has paid all contributions required through December 31, 2016. Total contributions were \$326,405, with employer contributions totaling \$190,403, and employee contributions of \$136,002.

NOTE 6- RISK MANAGEMENT

LOGIC is exposed to various risks of property and casualty losses, and injuries to employees.

LOGIC insures against injuries to employees through the Ohio Bureau of Workers' Compensation. The rate for 2016 was .008938.

LOGIC belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 (the latest information available).

LOCAL ORGANIZED GOVERNMENTS IN COOPERATION
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 6- RISK MANAGEMENT (Continued)

	2015
Assets	38,307,677
Liabilities	(12,759,127)
Net Assets	\$25,548,550

At December 31, 2015, the liabilities above include approximately \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11 million of unpaid claims to be billed to approximately 499 member governments in the future, as of December 31, 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, LOGIC's share of these unpaid claims collectible in future years is approximately \$7,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP in 2016 were \$10,842.

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 7- RELATED PARTY TRANSACTIONS

Due to the RED Center being located within the administrative offices of Jackson Township, LOGIC has a rental agreement with the Township for the space used. Rental payments under this agreement totaled \$6,010 for each year.

Finally, LOGIC purchased most of their supplies and limited purchases of uniforms and equipment through the Jackson Central Maintenance Division which totaled \$3,899.

Local Organized Governments in Cooperation
Stark County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

For the Year Ended December 31, 2015

Operating Cash Receipts	
Charges for Services	\$1,641,700
Miscellaneous	446
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>1,642,146</i>
	<hr/>
Operating Cash Disbursements	
Salaries	1,025,911
Employee Fringe Benefits	171,226
Purchased and Contracted Services	283,925
Supplies and Materials	26,687
Other	1,087
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>1,508,836</i>
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<i>Operating Income</i>	<i>133,310</i>
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Non-Operating Receipts	
Earnings on Investments	668
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<i>Total Non-Operating Receipts</i>	<i>668</i>
	<hr/>
<i>Net Change in Fund Cash Balances</i>	<i>133,978</i>
	<hr/>
<i>Fund Cash Balances, January 1</i>	<i>640,935</i>
	<hr/>
<i>Fund Cash Balances, December 31</i>	<i>\$774,913</i>
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<i>See accompanying notes to the basic financial statements</i>	

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LOCAL ORGANIZED GOVERNMENTS IN COOPERATION
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1- DESCRIPTION OF THE ENTITY

Local Organized Governments in Cooperation, Stark County, (LOGIC) was established by its member political subdivisions as a regional council under Chapter 167 of the Ohio Revised Code for the purpose of operating the Regional Emergency Dispatch (RED) Center. LOGIC operates under the direction of the Board of Trustees, which consists of one representative designated by each permanent member political subdivision. The permanent member subdivisions are the City of Massillon, Jackson Township, City of Canal Fulton, Village of Hills and Dales, and Lawrence Township.

LOGIC's management believes these financial statements present all activities for which LOGIC is financially accountable.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. Basis of Accounting

These financial statements follow the accounting permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. LOGIC recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

B. Basis of Presentation

LOGIC's financial statements consist of a statement of receipts, disbursements and changes in fund balances (cash basis) for the proprietary fund.

C. Fund Accounting

LOGIC uses funds to maintain its financial records during the year and presents activity in a single enterprise fund. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Enterprise Funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges.

D. Deposits and Investments

All cash received by LOGIC is maintained in demand deposit accounts and are included in the cash balance.

LOCAL ORGANIZED GOVERNMENTS IN COOPERATION
 STARK COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

E. Budgetary Process

Unlike traditional governments located in the State of Ohio, LOGIC is not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705. However, according to the bylaws of LOGIC, an annual operating budget is prepared by the management team, comprised of each fire or police chief whose dispatching is conducted by RED, and submitted to LOGIC detailing all anticipated expenses of RED.

F. Capital Assets

LOGIC records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Employer Contributions to Cost-Sharing Pension Plans

LOGIC recognizes the disbursement for employer contributions to cost –sharing pension plans when they are paid. As described in Note 5, the employer contributions include portions for pension benefits and for postretirement health care benefits.

NOTE 3- EQUITY IN POOLED DEPOSITS AND INVESTMENTS

Deposits are insured by the Federal Depository Insurance Corporation. At year-end, the carrying amount of LOGIC’s deposits was \$774,913 and the bank balance was \$809,695. At December 31, 2015, of the bank balance, \$500,000 was covered by the federal depository insurance and \$309,695 was uninsured.

NOTE 4- BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015 follows:

<u>2015 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Actual Receipts</u>	<u>Budgeted Receipts</u>	<u>Variance</u>
Enterprise	\$1,592,296	\$1,642,146	\$449,850

<u>2015 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Enterprise	\$1,726,004	\$1,608,806	\$ 117,198

LOCAL ORGANIZED GOVERNMENTS IN COOPERATION
STARK COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 5- RETIREMENT SYSTEMS

LOGIC's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 227 East Town Street , Columbus, OH 43215-4642 or by calling (614)-222-6705 or (800) 222-7377.

The Ohio Revised Code also prescribes contribution rates. For 2015, OPERS members contributed 10 percent of their gross salaries and LOGIC contributed an amount equaling 14 percent of participants' gross salaries. LOGIC has paid all contributions required through December 31, 2015. Total contributions were \$242,118, with employer contributions totaling \$141,236, and employee contributions of \$100,882.

NOTE 6- RISK MANAGEMENT

LOGIC is exposed to various risks of property and casualty losses, and injuries to employees.

LOGIC insures against injuries to employees through the Ohio Bureau of Workers' Compensation. The rate for 2015 was .010862.

LOGIC belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015.

LOCAL ORGANIZED GOVERNMENTS IN COOPERATION
 STARK COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6- RISK MANAGEMENT (Continued)

	2015
Assets	38,307,677
Liabilities	(12,759,127)
Net Assets	\$25,548,550

At December 31, 2015, the liabilities above include approximately \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11 million of unpaid claims to be billed to approximately 499 member governments in the future, as of December 31, 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, LOGIC’s share of these unpaid claims collectible in future years is approximately \$7,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP in 2015 were \$10,467.

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 7- RELATED PARTY TRANSACTIONS

Due to the RED Center being located within the administrative offices of Jackson Township, LOGIC has a rental agreement with the Township for the space used. Rental payments under this agreement totaled \$6,010 for each year.

Finally, LOGIC purchased most of their supplies through the Jackson Central Maintenance Division which totaled \$3,002.



Dave Yost • Auditor of State

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

Local Organized Governments in Cooperation
Stark County
5735 Wales Ave NW
Massillon, Ohio 44646

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 cash balances, receipts, and disbursements by fund type of the Local Organized Governments in Cooperation, Stark County, Ohio (LOGIC) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated August 11, 2017 wherein we noted LOGIC followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

August 11, 2017



Dave Yost • Auditor of State

LOCAL ORGANIZED GOVERNMENTS IN COOPERATION

STARK 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 12, 2017**