

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION
FAIRFIELD COUNTY, OHIO**

FINAL AUDIT

FOR THE TEN MONTHS ENDED OCTOBER 31, 2020





88 East Broad Street
Columbus, Ohio 43215
IPARepor@ohioauditor.gov
(800) 282-0370

Executive Committee
Lancaster Area Community Improvement Corporation
109 North Broad Street, Suite 100
Lancaster, Ohio 43130

We have reviewed the *Independent Auditor's Report* of the Lancaster Area Community Improvement Corporation, Fairfield County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through October 31, 2020. 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.

Keith Faber
Auditor of State
Columbus, Ohio

May 14, 2021

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LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION
FAIRFIELD COUNTY, OHIO
Final Audit
For the Ten Months Ended October 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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

To the Executive Committee:

Report on the Financial Statements

We have audited the accompanying financial statements of the Lancaster Area Community Improvement Corporation, Fairfield County, Ohio (the Corporation), which comprise the statement of financial position as of October 31, 2020, and the related statement of activities and cash flows for the ten months then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 October 31, 2020, and the changes in its net assets and its cash flows for the ten months then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 6 to the financial statements, the Corporation dissolved on October 30, 2020. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2021, 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. The purpose of that report is solely 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 effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
April 5, 2021

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION
FAIRFIELD COUNTY
STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2020**

ASSETS	
TOTAL ASSETS	<u><u>\$ -</u></u>
 LIABILITIES AND NET ASSETS	
LIABILITIES:	
TOTAL LIABILITIES	<u>-</u>
 NET ASSETS	
Without Donor Restrictions	<u>-</u>
Total Net Assets	<u>-</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ -</u></u>

See accompanying notes to the basic financial statements

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION
FAIRFIELD COUNTY
STATEMENT OF ACTIVITIES
FOR THE 10 MONTHS ENDED OCTOBER 31, 2020**

REVENUE, SUPPORT, AND GAINS:

Interest income	\$ 665
Donations - In-Kind Rent	1,500
Miscellaneous	310
Total Public Support and Revenue	<u>2,475</u>

EXPENSES:

Legal fees	21,526
Insurance	2,531
In-kind rent	1,500
Advertising expenses	131
Audit fees	410
Bank fees	20
Real estate taxes	79
Miscellaneous	1,328
Total Expenses	<u>27,525</u>

Decrease in Net Assets from Operations (25,050)

NON-OPERATING ITEMS:

Transfer of assets/liabilities to Lancaster Port Authority	(2,332,026)
Gain on transfer of assets/liabilities to Lancaster Port Authority	836,261
Decrease in Net Assets	<u>(1,520,815)</u>

NET ASSETS AT BEGINNING OF YEAR-WITHOUT DONOR RESTRICTIONS 1,520,815

NET ASSETS AT END OF YEAR-WITHOUT DONOR RESTRICTIONS \$ -

See accompanying notes to the basic financial statements.

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION
FAIRFIELD COUNTY
STATEMENT OF CASH FLOWS
FOR THE 10 MONTHS ENDED OCTOBER 31, 2020**

Cash Flows from Operating Activities

Decrease in net assets from operations	\$ (25,050)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Transfer of funds to Lancaster Port Authority	(494,699)
Decrease in investments	100,000
Decrease in prepaid expense	1,290
Decrease in real estate taxes payable	<u>(3,982)</u>
Net cash used by operating activities	<u>(422,441)</u>
 Cash and Cash Equivalents at Beginning of Year	 <u>422,441</u>
 Cash and Cash Equivalents at End of Year	 <u><u>\$ -</u></u>

Supplemental Data:

Non-cash investing activities:	
Transfer of land, land improvements and prepaid leases to Lancaster Port Authority	<u><u>\$1,837,327</u></u>

See accompanying notes to the basic financial statements.

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION
FAIRFIELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 10 MONTHS ENDED OCTOBER 31, 2020**

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 financial statements of the Corporation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and Executive Committee.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Corporation or by the passage of time.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

The Corporation transferred all assets to the Lancaster Port Authority on October 30, 2020 and that entity assumed all liabilities. Therefore, there were no net assets at the end of the period.

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. There was no cash or cash equivalents at October 31, 2020.

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION
FAIRFIELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 10 MONTHS ENDED OCTOBER 31, 2020
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

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 October 31, 2020, there are no uncertain positions taken or expected to be taken by 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 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

G. 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. LEASES

In 2017 The Corporation entered into a new lease agreement with National Power Cooperative, Inc. for 4 acres of land for the purposes of a solar field. The 4 acres was leased for \$1.00 per year for the next 25 years. As part of the Solar field agreement the local electric cooperative South Central Power Co. also agreed to pay the Corporation the farm lease value for the 4 acres at a rate of \$372 per year for the next 25 years. The total balance for the 25-year value was paid in advance in the amount of \$9,300. The lease and prepaid amount were transferred to the Lancaster Port Authority.

3. 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 year ending December 31, 2020 were \$3,000.

4. 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 year ending October 31, 2020 were \$1,500.

5. INSURANCE

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

**LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION
FAIRFIELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 10 MONTHS ENDED OCTOBER 31, 2020
(CONTINUED)**

6. SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through March 30, 2021, the date which the financial statements were available to be issued. The Corporation hired legal counsel in 2020 in order to assist in the process of dissolving the organization and transferring all remaining land and cash assets to the Lancaster Port Authority. All required notifications, and legal documentation were filed with the appropriate local and state departments and the organization was officially considered dissolved as of October 30th, 2020. All land and cash assets have been transferred to the Lancaster Port Authority and that entity also assumed any remaining liabilities of the Corporation.

INDEPENDENT AUDITOR'S 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

Lancaster Area Community Investment Corporation
Fairfield County
109 N. Broad Street, Suite 100
Lancaster, Ohio 43130

To the Executive Committee:

We have audited, 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, the financial statements of the Lancaster Area Community Improvement Corporation (the Corporation), which comprise the statement of financial position as of October 31, 2020 and the related statements of activities and cash flows for the ten months then ended, and the related notes to the financial statements, and have issued our report thereon dated April 5, 2021, wherein we noted the dissolution of the Corporation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

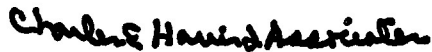
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
April 5, 2021

Lancaster Area Community Improvement Corporation
Fairfield County
For the Ten Months Ended October 31, 2020

SCHEDULE OF PRIOR AUDIT FINDINGS-PREPARED BY MANAGEMENT

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2019-001	Material Weakness – Financial Statement Presentation	Fully corrected	

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OHIO AUDITOR OF STATE KEITH FABER



LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION

FAIRFIELD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 5/27/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov