Lancaster Area Community Improvement Corporation
Fairfield County, Ohio
Regular Audit
January 01, 2008 through December 31, 2008

Balestra, Harr & Scherer, CPAs, Inc.
528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: (740) 289-4131 Fax: (740) 289-3639

Mary Taylor, CPA
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, 2008 through December 31, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 30, 2009

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

This Page is Intentionally Left Blank.

Lancaster Area Community Improvement Corporation
Table of Contents
For the Years Ended December 31, 2008 and 2007

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants | Ohio Society of Certified Public Accountants

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 (the Corporation), as of December 31, 2008 and 2007, 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Corporation as of December 31, 2008 and 2007, and the changes in net assets and cash flows 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 June 18, 2009, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Balestra, Harr & Scherer

Balestra, Harr & Scherer, CPAs, Inc.
June 18, 2009

Lancaster Area Community Improvement Corporation

Statements of Financial Position

As of December 31, 2008 and 2007

	2008	2007
Assets:		
Cash and Cash Equivalents	$327,498	$340,776
Accounts Receivable	4,972	100
Prepaid Insurance	1,197	1,197
Land for Investment/Sale	1,605,618	1,605,618
Total Assets:	$1,939,285	$1,947,691
Liabilities and Net Assets:		
Liabilities:		
Accounts Payable	$450	$450
Accrued Real Estate Tax	4,821	4,821
Total Liabilities:	5,271	5,271
Net Assets:		
Unrestricted	1,934,014	1,942,420
Total Liabilities and Net Assets:	$1,939,285	$1,947,691

See accompanying notes to the financial statements.

Lancaster Area Community Improvement Corporation

Statements of Financial Activities

For the Years Ended December 31, 2008 and 2007

	2008	2007
Unrestricted Net Assets:		
Revenues:		
Dues	$1,700	$1,850
Land Rentals	3,000	2,800
In-kind Rent	1,500	1,500
Interest Income	7,488	9,629
Total Revenues:	13,688	15,779
Expenses:		
Administrative Fee	3,000	3,000
Insurance	3,595	3,595
Accounting Services	2,240	2,700
Legal Services	2,250	1,350
Other Professional Services	5,460	8,430
Real Estate Taxes	2,871	5,712
In-kind Rent	1,500	1,500
Equipment	0	422
Miscellaneous	1,178	131
Total Expenses:	22,094	26,840
Decrease in Unrestricted Net Assets	(8,406)	(11,061)
Net Assets, Beginning of Year	1,942,420	1,953,481
Net Assets, End of Year	$1,934,014	$1,942,420

See accompanying notes to the financial statements.

Lancaster Area Community Improvement Corporation
Statements of Cash Flows
For the Years Ended December 31, 2008 and 2007

	2008	2007
Cash Flows From Operating Activities:		
Decrease in Net Assets	($8,406)	($11,061)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Increase in Operating Assets:		
Accounts Receivable	(3,239)	(100)
Net Cash Used by Operating Activities:	(11,645)	(11,161)
Cash Flows From Investing Activities:		
Land Purchase and Development Costs	(170,000)	0
Proceeds from Land Sale	168,367	0
Net Cash Provided by Investing Activities:	(1,633)	0
Net Change in Cash and Cash Equivalents:	(13,278)	(11,161)
Cash and Cash Equivalents at Beginning of Year	340,776	351,937
Cash and Cash Equivalents at End of Year	$327,498	$340,776

See accompanying notes to the financial statements.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

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 2-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, 2008. 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, 2008 and 2007, the Corporation had no land sales.

In 2008, the Corporation purchased one parcel of land and subsequently sold that parcel for the same price as the original purchase price. No gain or loss was recognized on the sale of the land.

NOTE 3-FURNITURE AND EQUIPMENT

Property and equipment consists of:

	2008	2007
Cost	$3,021	$3,021
Less: Accumulated Depreciation	(3,021)	(3,021)
Net Furniture and Equipment	$0	$0

NOTE 4-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 2008 and 2007, the lease was negotiated for $3,000 and $2,800, respectively.

NOTE 5-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, 2008 and 2007 were $3,000 and $3,000, respectively.

NOTE 6-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, 2008 and 2007, were $1,500 and $1,500, respectively.

NOTE 7- CONCENTRATION OF CREDIT RISK

As of December 31, 2008, the Corporation's cash in banks were covered entirely by Federal Deposit Insurance Corporation (FDIC) insurance. As of December 31, 2007, the Corporation had cash in excess of Federal Deposit Insurance Corporation (FDIC) coverage of $2,423.

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants Ohio Society of Certified Public Accountants

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*

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

We have audited the financial statements of the Lancaster Area Community Improvement Corporation (the Corporation), as of and for the year ended December 31, 2008, and have issued our report thereon dated June 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Corporation's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. This item is identified in the accompanying schedule of findings and responses as item 2008-001.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Corporation's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We also noted certain matters which we reported to management of the Corporation in a separate letter dated June 18, 2009.

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

Balestra, Harr & Scherer

Balestra, Harr & Scherer, CPAs, Inc.
June 18, 2009

Finding Number 2008-001

Significant Deficiency – Detailed Asset Listing for Land Inventory

The Corporation does not maintain a detailed asset listing for its land inventory. A detailed asset listing would provide the Corporation with an integral reporting tool as it would provide land values as well as additions made for improvements and other useful information for record-keeping. The Corporation should prepare documentation of land values, ensuring reconciliation with audited figures, and update that documentation as necessary.

Client Response:
The Lancaster Area Community Improvement Corporation will continue to research the land values as they pertain to the current asset listing for the organization. The organization will work to create a detailed listing of land inventories for record keeping purposes and to effectively track the value of its assets.

Lancaster Area Community Improvement Corporation

Status of Prior Year Findings

For the Year Ended December 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; **Explain**
2007-001	Significant Deficiency - Detailed Asset Listing for Land Inventory	No	Not Corrected. Reissued as 2008-001.

Mary Taylor, CPA
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
JULY 14, 2009

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us