

Lancaster Area Community Improvement Corporation  
Fairfield County, Ohio  
Regular Audit  
January 01, 2009 through December 31, 2009



**Balestra, Harr & Scherer, CPAs, Inc.**

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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, 2009 through December 31, 2009. 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

August 19, 2010

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**Lancaster Area Community Improvement Corporation**  
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*For the Years Ended December 31, 2009 and 2008*

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### Independent Auditor's Report

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

We have audited the accompanying statements of financial position of the Lancaster Area Community Improvement Corporation (the Corporation), as of December 31, 2009 and 2008, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, 2009 and 2008, 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 8, 2010, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Balestra, Harr &amp; Scherer".

Balestra, Harr & Scherer, CPAs, Inc.  
June 8, 2010

**Lancaster Area Community Improvement Corporation**

*Statements of Financial Position  
As of December 31, 2009 and 2008*

	<u>2009</u>	<u>2008</u>
Assets:		
Cash and Cash Equivalents	\$ 310,978	\$ 327,498
Accounts Receivable	3,699	4,972
Prepaid Insurance	1,197	1,197
Land for Investment/Sale	<u>1,605,618</u>	<u>1,605,618</u>
Total Assets:	<u><u>1,921,492</u></u>	<u><u>1,939,285</u></u>
Liabilities and Net Assets:		
Liabilities:		
Accounts Payable	-	450
Accrued Real Estate Tax	<u>5,909</u>	<u>4,821</u>
Total Liabilities:	5,909	5,271
Net Assets:		
Unrestricted	<u>1,915,583</u>	<u>1,934,014</u>
Total Liabilities and Net Assets:	<u><u>\$ 1,921,492</u></u>	<u><u>\$ 1,939,285</u></u>

See accompanying notes to the financial statements.

**Lancaster Area Community Improvement Corporation**  
*Statements of Financial Activities*  
For the Years Ended December 31, 2009 and 2008

	2009	2008
Unrestricted Net Assets:		
Revenues:		
Dues	\$ 1,800	\$ 1,700
Land Rentals	-	3,000
In-kind Rent	1,500	1,500
Interest Income	3,389	7,488
Miscellaneous	2,575	-
Total Revenues:	9,264	13,688
Expenses:		
Administrative Fee	3,000	3,000
Insurance	3,595	3,595
Accounting Services	2,350	2,240
Legal Services	2,250	2,250
Other Professional Services	5,283	5,460
Real Estate Taxes	8,314	2,871
In-kind Rent	1,500	1,500
Promotion	831	-
Miscellaneous	572	1,178
Total Expenses:	27,695	22,094
Decrease in Unrestricted Net Assets	(18,431)	(8,406)
Net Assets, Beginning of Year	1,934,014	1,942,420
Net Assets, End of Year	\$ 1,915,583	\$ 1,934,014

See accompanying notes to the financial statements.



**Lancaster Area Community Improvement Corporation**

*Statements of Cash Flows*

*For the Years Ended December 31, 2009 and 2008*

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
Decrease in Net Assets	\$ (18,431)	\$ (8,406)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Increase in Operating Assets:		
Accounts Receivable	<u>1,273</u>	<u>(3,239)</u>
Decrease in Operating Liabilities:		
Accounts Payable	(450)	-
Accrued Real Estate Tax	<u>1,088</u>	<u>-</u>
Net Cash Used by Operating Activities:	<u>(16,520)</u>	<u>(11,645)</u>
Cash Flows From Investing Activities:		
Land Purchase and Development Costs	-	(170,000)
Proceeds from Land Sale	<u>-</u>	<u>168,367</u>
Net Cash Provided by Investing Activities:	<u>-</u>	<u>(1,633)</u>
Net Change in Cash and Cash Equivalents:	(16,520)	(13,278)
Cash and Cash Equivalents at Beginning of Year	<u>327,498</u>	<u>340,776</u>
Cash and Cash Equivalents at End of Year	<u>\$ 310,978</u>	<u>\$ 327,498</u>

See accompanying notes to the financial statements.

**Lancaster Area Community Improvement Corporation**

*Notes to the Financial Statements*

*For the Years Ended December 31, 2009 and 2008*

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**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.

**Lancaster Area Community Improvement Corporation**

*Notes to the Financial Statements*

*For the Years Ended December 31, 2009 and 2008*

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**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, 2009. 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, 2009 and 2008, the Corporation had no land sales involved with this agreement.

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:

	2009	2008
Cost	\$3,021	\$3,021
Less: Accumulated Depreciation	(3,021)	(3,021)
Net Furniture and Equipment	<u>\$0</u>	<u>\$0</u>

**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 untiltable by construction work or a direct reimbursement may be made to the lessee for crops destroyed. Leases were renewed on a yearly basis at the discretion of the Board of Trustees. For 2008, the lease was negotiated for \$3,000, however there were no leases in 2009.

**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, 2009 and 2008 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, 2009 and 2008, were \$1,500 and \$1,500, respectively.

**NOTE 7- CONCENTRATION OF CREDIT RISK**

As of December 31, 2009 and 2008, the Corporation's cash in banks were covered entirely by Federal Deposit Insurance Corporation (FDIC) insurance.



**Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *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 years ended December 31, 2009 and December 31, 2008, and have issued our report thereon dated June 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We did note a certain internal control matter, not requiring inclusion in this report that we reported to the management of the Corporation in a separate letter dated June 8, 2010.

### **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, and contracts, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management 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, CPAs, Inc.  
June 8, 2010

**Lancaster Area Community Improvement Corporation**  
*Status of Prior Year Findings*  
*For the Year Ended December 31, 2009*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2008-001	Significant Deficiency - Detailed Asset Listing for Land Inventory	Yes	



**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  
SEPTEMBER 2, 2010**