



OHIO AUDITOR OF STATE
KEITH FABER



**GREATER LOGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
LOGAN COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Greater Logan County Community Improvement Corporation
Logan County
100 South Main Street
Bellefontaine, OH 43311

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Greater Logan County Community Improvement Corporation, Logan County, Ohio (the Corporation), as of and for the years ended December 31, 2018 and 2017, 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 the accounting principles generally accepted in the United States of America. This responsibility includes the 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 such 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Basis for Adverse Opinion

As described in Note 2 of the financial statements, the Corporation prepared these financial statements using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. However, Ohio Revised Code Section 1724.05 requires these statements to follow accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* 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 the Greater Logan County Community Improvement Corporation as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2019, 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.



Keith Faber
Auditor of State
Columbus, Ohio

October 22, 2019

Greater Logan County Community Improvement Corporation

Logan County

*Statement of Receipts, Disbursements,
and Change in Fund Balance (Regulatory Cash Basis)*

Enterprise Fund

For the Year Ended December 31, 2018

Operating Cash Receipts	
City of Bellefontaine	\$ 50,000
Logan County	50,000
Economic Development Partners	<u>37,000</u>
<i>Total Operating Cash Receipts</i>	<u>137,000</u>
Operating Cash Disbursements	
Economic Development - Chamber	85,000
Economic Development Partners - Chamber	31,450
Conferences and Meetings	353
Accounting and Legal	800
Insurance	921
Mode 20/20	<u>8,570</u>
<i>Total Operating Cash Disbursements</i>	<u>127,094</u>
<i>Operating Income (Loss)</i>	<u>9,906</u>
Non-Operating Receipts	
Interest Income	<u>20</u>
<i>Net Change in Fund Cash Balance</i>	9,926
<i>Fund Cash Balance, January 1</i>	<u>32,615</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 42,541</u>

See accompanying notes to the financial statement

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Greater Logan County Community Improvement Corporation

Logan County

Notes to the Financial Statement

For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Greater Logan County Community Improvement Corporation (the Corporation), formerly known as the Logan County Community Improvement Corporation, was incorporated as a not-for-profit under Sections 1702 and 1724 of the Ohio Revised Code. The Corporation was formed for the creation and preservation of employment opportunities and the improvement of the economic welfare of the people of the City of Bellefontaine and Logan County. Both the City of Bellefontaine and the Logan County Commissioners have approved resolutions, which designate the Corporation as their agent for economic development. The Corporation operates under the direction of a President and eleven Board members, who represent the City of Bellefontaine, Logan County, and local businesses.

The Corporation's management believes this financial statement presents all activities for which the Corporation is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Corporation's financial statement consists of a statement of receipts, disbursements, and change in fund balance (regulatory cash basis) for the enterprise fund. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Enterprise fund accounting is used to 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.

Basis of Accounting

Although required by Ohio Revised Code Section 1724.05 to file its annual financial report pursuant to accounting principles generally accepted in the United States of America, the Corporation chose to prepare its financial statement on a cash basis of accounting, which is a financial reporting framework other than generally accepted accounting principles. This basis is similar to the cash receipts and disbursements accounting basis. The Corporation recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

Tax Status

In accordance with the status of the Corporation as a community improvement corporation described in Chapter 1724 of the Ohio Revised Code and as an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, the Corporation is organized and shall be operated exclusively for the charitable purpose set forth in the Articles of Incorporation, as amended. As a not-for-profit organization, the Corporation is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code. By Ohio law, the Corporation is also not subject to Ohio income taxes.

Note 3 – Compliance

Contrary to Ohio law, the Corporation filed its annual financial report on a cash basis of accounting, which is a financial reporting framework other than generally accepted accounting principles. Ohio Revised Code Section 1724.05 states that each community improvement corporation shall prepare an annual financial report that is prepared according to generally accepted accounting principles.

Greater Logan County Community Improvement Corporation

Logan County

Notes to the Financial Statement

For the Year Ended December 31, 2018

Note 4 – Deposits

The Corporation maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2018</u>
Demand deposits	\$32,277
Time deposits (Savings and K.E. Wagner accounts)	<u>10,264</u>
Total deposits	<u>\$42,541</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Cooperative Agreement with the Greater Logan County Area Chamber of Commerce

The Corporation signed a five year cooperative agreement starting in 2012 with an automatic renewal for the following five years, with the Greater Logan County Area Chamber of Commerce (the Chamber), whereby the Chamber shall, subject to the approval of the Corporation, perform all necessary services in connection with a plan of industrial, commercial, distribution, research, and development in the Greater Logan County Area. The Corporation shall compensate the Chamber for services rendered under this agreement eighty-five percent (85%) of its net revenue collected from the City of Bellefontaine and Logan County in each calendar year. In addition, the Corporation shall compensate the Chamber for eighty-five percent (85%) of the Economic Development Partners revenue, which is comprised of donations from local companies to advance the cause of local development.

Note 6 – The K. Edward Wagner (K.E. Wagner) Fund

The Corporation is the administrator of the K. Edward Wagner (K.E. Wagner) Fund, which was established to provide grants to local entrepreneurs. This fund is maintained in a separate bank account at the Corporation's financial institution. The Corporation issued no disbursements from this account during the year ended December 31, 2018.

Note 7 – Risk Management

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

- Directors, Officers, Trustees, and Organization liability

Greater Logan County Community Improvement Corporation

Logan County

*Statement of Receipts, Disbursements,
and Change in Fund Balance (Regulatory Cash Basis)*

Enterprise Fund

For the Year Ended December 31, 2017

Operating Cash Receipts	
City of Bellefontaine	\$ 50,000
Logan County	50,000
Economic Development Partners	22,000
Chamber Reimbursement	<u>2,125</u>
<i>Total Operating Cash Receipts</i>	<u>124,125</u>
Operating Cash Disbursements	
Economic Development - Chamber	85,000
Economic Development Partners - Chamber	18,700
Conferences and Meetings	9,665
Accounting and Legal	4,489
Insurance	921
Mode 20/20	8,570
Advertising	<u>20</u>
<i>Total Operating Cash Disbursements</i>	<u>127,365</u>
<i>Operating Income (Loss)</i>	<u>(3,240)</u>
Non-Operating Receipts	
Interest Income	<u>20</u>
<i>Net Change in Fund Cash Balance</i>	(3,220)
<i>Fund Cash Balance, January 1</i>	<u>35,835</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 32,615</u>

See accompanying notes to the financial statement

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Greater Logan County Community Improvement Corporation

Logan County

Notes to the Financial Statement

For the Year Ended December 31, 2017

Note 1 – Reporting Entity

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The Corporation's management believes this financial statement presents all activities for which the Corporation is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Corporation's financial statement consists of a statement of receipts, disbursements, and change in fund balance (regulatory cash basis) for the enterprise fund. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Enterprise fund accounting is used to 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.

Basis of Accounting

Although required by Ohio Revised Code Section 1724.05 to file its annual financial report pursuant to accounting principles generally accepted in the United States of America, the Corporation chose to prepare its financial statement on a cash basis of accounting, which is a financial reporting framework other than generally accepted accounting principles. This basis is similar to the cash receipts and disbursements accounting basis. The Corporation recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

Tax Status

In accordance with the status of the Corporation as a community improvement corporation described in Chapter 1724 of the Ohio Revised Code and as an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, the Corporation is organized and shall be operated exclusively for the charitable purpose set forth in the Articles of Incorporation, as amended. As a not-for-profit organization, the Corporation is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code. By Ohio law, the Corporation is also not subject to Ohio income taxes.

Note 3 – Compliance

Contrary to Ohio law, the Corporation filed its annual financial report on a cash basis of accounting, which is a financial reporting framework other than generally accepted accounting principles. Ohio Revised Code Section 1724.05 states that each community improvement corporation shall prepare an annual financial report that is prepared according to generally accepted accounting principles.

Greater Logan County Community Improvement Corporation

Logan County

Notes to the Financial Statement

For the Year Ended December 31, 2017

Note 4 – Deposits

The Corporation maintains a deposit pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2017</u>
Demand deposits	\$22,358
Time deposits (Savings and K.E. Wagner accounts)	<u>10,257</u>
Total deposits	<u>\$32,615</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Cooperative Agreement with the Greater Logan County Area Chamber of Commerce

The Corporation signed a five year cooperative agreement starting in 2012, with the Greater Logan County Area Chamber of Commerce (the Chamber), whereby the Chamber shall, subject to the approval of the Corporation, perform all necessary services in connection with a plan of industrial, commercial, distribution, research, and development in the Greater Logan County Area. The Corporation shall compensate the Chamber for services rendered under this agreement eighty-five percent (85%) of its net revenue collected from the City of Bellefontaine and Logan County in each calendar year. In addition, the Corporation shall compensate the Chamber for eighty-five percent (85%) of the Economic Development Partners revenue, which is comprised of donations from local companies to advance the cause of local development.

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Note 7 – Risk Management

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

- Directors, Officers, Trustees, and Organization liability



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

Greater Logan County Community Improvement Corporation
Logan County
100 South Main Street
Bellefontaine, OH 43311

To the Board of Directors:

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 Greater Logan County Community Improvement Corporation, Logan County, (the Corporation) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated October 22, 2019, wherein we issued an adverse opinion on the Corporation's financial statements because the Corporation did not follow accounting principles generally accepted in the United States of America as required by Ohio Revised Code 1724.05.

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.

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 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.

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 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

Corporation's Response to Finding

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Corporation's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 22, 2019

**GREATER LOGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Noncompliance – Annual Financial Reporting

Ohio Rev. Code §1724.05 states, in part, that each community improvement corporation shall prepare an annual financial report that conforms to rules prescribed by the auditor of state pursuant to section 117.20 of the Revised Code, that is prepared according to generally accepted accounting principles, and that is certified by the board of directors of the corporation or its treasurer or other chief fiscal officer to the best knowledge and belief of those persons certifying the report.

Due to simplicity of financials and cost efficiencies, the Corporation's annual financial reports, for the years ending December 31, 2018 and 2017, were prepared on a cash basis of accounting, which is a financial reporting framework other than generally accepted accounting principles. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows, financial position, cash flows, and disclosures that, while material, cannot be determined at this time.

Failure to prepare annual financial reports in accordance with generally accepted accounting principles may result in fines or various other administrative remedies being taken against the Corporation.

The Corporation should prepare its annual financial reports according to generally accepted accounting principles to provide users with more meaningful financial statements.

Official's Response:

The Greater Logan County CIC prepared cash financial statements opposed to GAAP financial statements due to the simplicity of our organizational financials and for the cost efficiencies dealing with our accounting services.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2018 and 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Did not file financial statements according to GAAP. Ohio Rev. Code 1724.05	Not Corrected	Cash basis financial statements are utilized due to the simplicity of our organization, limited transaction count, and the significant additional cost that GAAP statements create. Repeated as Finding 2018-001
2016-002	More than a contractual percentage was paid from the CIC to the Chamber of Commerce for a specific check received in 2015	Fully Corrected	The CIC overpaid the Chamber of Commerce \$2,125 on 7/23/15. This amount was repaid in full to the CIC on 8/24/17 via check 1741.

OHIO AUDITOR OF STATE KEITH FABER



GREATER LOGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION

LOGAN 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 19, 2019**