



Dave Yost • Auditor of State



**GREATER LOGAN COUNTY COMMUNITY IMPROVEMENT CORPORATION  
LOGAN COUNTY  
DECEMBER 31, 2016 AND 2015**

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# Dave Yost • Auditor of State

## 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 Greater Logan County Community Improvement Corporation, Logan County, Ohio (the Corporation), as of and for the years ended December 31, 2016 and 2015, 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 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 matter described in the *Basis for Adverse Opinion* paragraph, the financial statements do not present fairly the financial position, results of operations, and cash flows, where applicable, of the Greater Logan County Community Improvement Corporation as of and for the years ended December 31, 2016 and 2015 in accordance with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2017, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 26, 2017

**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, 2016*

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<b>Operating Cash Receipts</b>	
City of Bellefontaine	\$ 60,000
Logan County	50,000
Economic Development Partners	<u>25,000</u>
<i>Total Operating Cash Receipts</i>	<u>135,000</u>
<b>Operating Cash Disbursements</b>	
Economic Development - Chamber	85,000
Economic Development Partners - Chamber	21,250
Conferences and Meetings	22
Accounting and Legal	700
Insurance	906
Mode 20/20	7,337
Principal Retirement	<u>15,000</u>
<i>Total Operating Cash Disbursements</i>	<u>130,215</u>
<i>Operating Income (Loss)</i>	<u>4,785</u>
<b>Non-Operating Receipts</b>	
Interest Income	<u>24</u>
<i>Net Change in Fund Cash Balance</i>	4,809
<i>Fund Cash Balance, January 1</i>	<u>31,026</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 35,835</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, 2016*

**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, 2016*

**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>2016</u>
Demand deposits	\$25,585
Time deposits (Savings and K.E. Wagner accounts)	<u>10,250</u>
Total deposits	<u>\$35,835</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.

**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, 2016.

**Note 7 – Risk Management**

***Commercial Insurance***

The Corporation has obtained commercial insurance for the following risks:

- Directors, Officers, Trustees, and Organization liability

**Note 8 – Debt**

The Greater Logan County Area Chamber of Commerce issued a demand note to the Corporation, in the amount of \$30,000 at zero percent interest, in December 2011. On January 1, 2016, the balance due on this outstanding note was \$15,000. Two payments of \$7,500 each were issued to the Chamber in May and October 2016, respectively. As of December 31, 2016, the note was completely repaid.

**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, 2015*

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<b>Operating Cash Receipts</b>	
City of Bellefontaine	\$ 50,000
Logan County	50,000
Economic Development Partners	30,000
Cash Deposit to K.E. Wagner account	<u>1,000</u>
<i>Total Operating Cash Receipts</i>	<u>131,000</u>
<b>Operating Cash Disbursements</b>	
Economic Development - Chamber	85,000
Economic Development Partners - Chamber	27,625
Conferences and Meetings	18
Accounting and Legal	450
Insurance	906
Mode 20/20	7,337
Principal Retirement	<u>10,000</u>
<i>Total Operating Cash Disbursements</i>	<u>131,336</u>
<i>Operating Income (Loss)</i>	<u>(336)</u>
<b>Non-Operating Receipts</b>	
Interest Income	<u>20</u>
<i>Net Change in Fund Cash Balance</i>	(316)
<i>Fund Cash Balance, January 1</i>	<u>31,342</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 31,026</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, 2015*

**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, 2015*

**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>2015</u>
Demand deposits	\$20,784
Time deposits (Savings and K.E. Wagner accounts)	<u>10,242</u>
Total deposits	<u>\$31,026</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.

**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, 2015.

**Note 7 – Risk Management**

**Commercial Insurance**

The Corporation has obtained commercial insurance for the following risks:

- Directors, Officers, Trustees, and Organization liability

**Note 8 – Debt**

Debt outstanding at December 31, 2015, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Demand Note to Chamber of Commerce	\$15,000	0%
Total	<u>\$15,000</u>	

The Greater Logan County Area Chamber of Commerce issued a demand note to the Corporation, in the amount of \$30,000 at zero percent interest, in December 2011. On January 1, 2015, the balance due on this outstanding note was \$25,000. During 2015, a principal retirement payment of \$10,000 was issued to the Chamber for this outstanding note.



# 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*

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 statement of the Greater Logan County Community Improvement Corporation, Logan County, (the Corporation) 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 September 26, 2017, wherein we issued an adverse opinion as the Corporation 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 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-001 and 2016-002.

***Corporation's Response to Findings***

The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Corporation's responses and, accordingly, we express no opinion on them.

***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 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 style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 26, 2017



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

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Noncompliance**

**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.

The Corporation's annual financial reports, for the years ending December 31, 2016 and 2015, 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.

**Officials' 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.

**FINDING NUMBER 2016-002**

**Noncompliance/ Finding for Recovery – Repaid While Under Audit**

The agreement entered into by the Greater Logan County Community Improvement Corporation (the Corporation) and the Logan County Chamber of Commerce (the Chamber) for a five year period starting in 2012, states, in Section II 'Chamber Compensation', that the Corporation shall compensate the Chamber, a percentage mutually agreed to in writing by both parties, of the net revenues to be received from each contract with external consultants. This amount is 85 percent.

The Corporation received \$20,000 from Honda of America as an Economic Development Contribution. Per the agreement, the Chamber should have received 85 percent of this contribution which would equal \$17,000. The Corporation paid the Chamber its share with check #576 written on July 23, 2015, in the amount of \$19,125. The Chamber received \$2,125 more than the agreed upon amount.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Logan County Chamber of Commerce, in the amount of \$2,125, and in favor of the Greater Logan County Community Improvement Corporation.

The Corporation's Fiscal Officer/Board President should ensure the proper amounts are being remitted to the Chamber prior to signing the checks. Failure to do so could result in future overpayments and findings for recovery.

**FINDING NUMBER 2016-002  
(Continued)**

On August 22, 2017, this finding for recovery was repaid in full to the Corporation via check number 1741. The repayment was receipted into the Corporation's bank account on August 24, 2017.

**Official's Response:**

No response was received from Officials regarding this finding other than the repayment information noted above.



# Dave Yost • Auditor of State

**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  
OCTOBER 19, 2017**