

HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

HIGHLAND COUNTY, OHIO

BASIC FINANCIAL STATEMENTS

(AUDITED)

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017



**752 High Street
Worthington, Ohio 43085**



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(800) 282-0370

Board of Trustees
Highland County Community Improvement Corporation
100 North High Street
P. O .Box 10
Hillsboro, Ohio 45133

We have reviewed the *Independent Auditor's Report* of the Highland County Community Improvement Corporation, Highland County, prepared by Lindholm + Company, for the audit period January 1, 2017 through December 31, 2018. 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 Highland County Community Improvement Corporation is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

September 23, 2019

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**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION
HIGHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Statement of Financial Position as of December 31, 2018	3
Statement of Activities for the Year Ended December 31, 2018	4
Statement of Cash Flows for the Year Ended December 31, 2018	5
Notes to the Basic Financial Statements - For the Year Ended December 31, 2018.....	6
Statement of Financial Position as of December 31, 2017	9
Statement of Activities for the Year Ended December 31, 2017	10
Statement of Cash Flows for the Year Ended December 31, 2017	11
Notes to the Basic Financial Statements - For the Year Ended December 31, 2017.....	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17
Schedule of Prior Audit Findings	19

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INDEPENDENT AUDITOR'S REPORT

Highland County Community Improvement Corporation
Highland County
100 North High Street
Hillsboro, Ohio 45133

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Highland County Community Improvement Corporation, Highland County, Ohio (the Corporation), as of and for the year ended December 31, 2018 and 2017, and the related notes to the financial statements which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with 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 Highland County Community Improvement 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 Highland County Community Improvement 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 the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Highland County Community Improvement Corporation, Highland County, Ohio, as of and for the years ended December 31, 2018 and 2017, and the respective changes in its financial position and its cash flows for the years then ended in accordance with the 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 June 24, 2019, on our consideration of the Highland County Community Improvement 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 Highland County Community Improvement Corporation's internal control over financial reporting and compliance.

LINDHOLM + COMPANY

Worthington, Ohio
June 24, 2019

Community Improvement Corp of Highland County
Statement of Financial Position
As of December 31, 2018

ASSETS

Current Assets	
Checking/Savings	
Merchants	\$ 85,306
Merchants- CIC account	315,656
Savings Account	34,034
Total Checking/Savings	<u>434,995</u>
Notes Receivable	49,995
Accounts Receivable	6,687
	<u>56,682</u>
Total Current Assets	491,677
Fixed Assets	
Land	
Real Estate	158,662
Accumulated Depreciation	2,271,640
	<u>(637,001)</u>
Total Fixed Assets	1,793,301
Other Assets	
Notes Rec.- Corvac Composites	100,504
Less: Current Portion	(49,995)
Total Other Assets	<u>50,509</u>
TOTAL ASSETS	<u><u>\$ 2,335,487</u></u>

LIABILITIES & NET ASSETS

Liabilities	
Current Liabilities	
Accounts Payable	14,046
Current Portion of Loans	68,207
Total Current Liabilities	<u>82,253</u>
Long Term Liabilities	
Loan- MNB- 84654	398,760
Loan-RLF	21,771
Less: Current portion of Loans	(68,207)
Total Long-Term Liabilities	<u>352,324</u>
Total Liabilities	434,577
Net Assets	
Without Donor Restrictions	1,900,910
Total Net Assets	<u>1,900,910</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>2,335,487</u></u>

See accompanying notes to the financial statements.

Highland County Community Improvement Corporation
Statement of Activities
For The Year Ended December 31, 2018

Income

Income	
Building Rent	\$ 12,000
Condo Fee	289,286
Lease	28,380
Interest Income	<u>1,468</u>
Total Income	331,134

Expense

Board Meeting Expense	78
Depreciation Expense	56,791
Interest Expense	24,445
Janitorial	7,439
Pest Control	30
Professional Fees	1,995
Property Maintenance	1,580
Property Tax	20,263
Repairs & Maintenance	18,746
Trash Removal	6,719
Utilities	<u>140,511</u>
Total Expense	<u>278,597</u>

Net Income \$ 52,537

See accompanying notes to the financial statements.

Highland County Community Improvement Corporation
Statement of Cash Flows
For The Year Ended December 31, 2018

OPERATING ACTIVITIES	
Net Income	\$ 52,537
Depreciation	56,791
Prior period adjustment	19,298
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	20,340
Deferred Condo Fees	
Accounts Payable	3,989
Net cash provided by Operating Activities	<u>152,955</u>
 INVESTING ACTIVITIES	
Payments received for lease purchase	<u>49,493</u>
Net cash provided by Investing Activities	<u>49,493</u>
 FINANCING ACTIVITIES	
Principal payments on loans	<u>(86,373)</u>
Net Cash provided by Financing Activities	<u>(86,373)</u>
Net cash increase for period	116,075
Cash at beginning of period	<u>318,920</u>
Cash at end of period	<u>\$ 434,995</u>

See accompanying notes to the financial statements.

HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2018

REPORTING ENTITY

ORGANIZATION

The Community Improvement Corporation of Highland County, Highland Ohio (the Corporation), is an Ohio corporation established under sections 1724.01 et seq. of the Ohio Revised Code for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial and civic development of Highland County. The Corporation is a legally, separate, non-profit organization, served by a board comprised of County officials and community representatives.

The Corporation was created to advance, encourage, and promote the industrial, economic, commercial and civic development of Highland County and the surrounding community in whatever way and by such means as will improve the normal growth, employment opportunities, and the stability of employment in existing industries. The Corporation is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Corporation.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting principles generally accepted in the United States of America (GAAP) as applied to not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for non-profit organizations.

Financial statements prepared under GAAP require the use of estimates that may differ from actual.

Basis of Presentation

The Financial Accounting Standards Boards issued ASU 2016-14, Not for Profits Entities (Topic 958) – *Presentation of Financial Statements of Not for Profit Entities*. Under ASU 2016-14, nonprofits are required 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 organization. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.

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. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

New Accounting Pronouncement

On August 18, 2016 FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2018

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity and Availability of Financial Assets

The following reflect the Corporation's financial assets as of the balance sheet date December 31, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Total Assets, at year end	\$ 2,335,487
Less: Fixed and Non-Financial Assets	1,900,492
Financial Assets, at year end	<u>434,995</u>
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions	-
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 434,995</u></u>

Revenue Recognition

Contributions received are recorded as unrestricted support unless there are any donor-imposed restrictions.

Capital Assets

Capital assets are started at cost and are depreciated over the estimated useful lives by the straight-line method of depreciation for financial reporting purposes. Repairs and maintenance are charged to operations when incurred and improvements and additions are capitalized. The capitalization threshold is \$500.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Tax Status

The Corporation has qualified for a tax exemption under the section 501 C (4) of the Internal Revenue Code and, accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

Cash and Carry Equivalents

For purposes of the statements of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

CASH AND CASH EQUIVALENTS

At December 31, 2018, cash and cash equivalents consisted of the following:

Mechants Bank Checking	\$ 400,962
Merchants Bank Savings	34,034
	<u>434,995</u>

At the end of each year, the carrying amount of the corporation's deposits was covered by the Federal Deposit Insurance Corporation.

HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2018

CAPITAL ASSETS

The Corporation's Capital Assets at December 31, 2018 are as follows:

Land	\$ 158,662
Real Estate and Improvement	<u>2,271,640</u>
	<u>2,430,302</u>
Less: Accumulated Depreciation	<u>(637,001)</u>
	<u>\$1,793,301</u>

DEBT

The Corporation's debt outstanding at December 31, 2018 was as follows:

Merchants National Bank	\$ 398,760
Hillsboro Revolving Loan	<u>21,771</u>
	<u>420,531</u>

The Merchants National Bank # 84654 was approved to pay off a loan with Fifth Third Bank that was for the purchase of 9.556 acres and a building. This note is renewable each year.

The Hillsboro Revolving Loan was approved to finance the renovation of the HVAC and office space at the 9.556-acre property.

Maturities for the next five years are as follows:

2019	68,207
2020	54,777
2021	55,427
2022	57,757
2023	60,185
Thereafter	<u>124,178</u>
	<u>\$ 420,531</u>

PRIOR PERIOD ADJUSTMENTS

Prior period adjustments in the amount of \$ 19,298 are to correct prior years for:

Adjustment to income for the sale of a building in 2017	\$ 83,280
Remove Real Estate Unit #2 from the books sold in 2011	(121,898)
Remove accumulated depreciation calculated on Unit #2	<u>19,320</u>
	<u>\$(19,298)</u>

CONCENTRATIONS

The Highland County Community Improvement Corporation depends on condo fees and building rent for its continued existence.

Highland County Community Improvement Corporation
Statement of Financial Position
As of December 31, 2017

ASSETS

Current Assets	
Checking/Savings	
Merchants	\$ 33,269
Merchants- CIC account	265,101
Savings Account	20,550
Total Checking/Savings	<u>318,920</u>
Notes Receivable	49,493
Accounts Receivable	27,027
	<u>76,520</u>
Total Current Assets	395,440
Fixed Assets	
Land	158,662
Real Estate	2,271,640
Accumulated Depreciation	(580,210)
Total Fixed Assets	<u>1,850,092</u>
Other Assets	
Notes Rec.- Corvac Composites	149,997
Less: Current Portion	(49,493)
Total Other Assets	<u>100,504</u>
TOTAL ASSETS	<u><u>\$ 2,346,036</u></u>

LIABILITIES & NET ASSETS

Liabilities	
Current Liabilities	
Accounts Payable	10,057
Current Portion of Loans	65,456
Total Current Liabilities	<u>75,513</u>
Long Term Liabilities	
Loan- MNB- 84654	468,663
Loan-RLF	38,241
Less: Current portion of Loans	(65,456)
Total Long-Term Liabilities	<u>441,448</u>
Total Liabilities	516,961
Net Assets	
Unrestricted Net Assets	1,829,075
Total Net Assets	<u>1,829,075</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>2,346,036</u></u>

See accompanying notes to the financial statements.

Highland County Community Improvement Corporation
Statement of Activities
For The Year Ended December 31, 2017

Income

Income	
Building Rent	\$ 12,000
Building Sale	83,280
Condo Fee	269,745
Electric	3,869
Interest Income	2,144
Lease	<u>36,725</u>
Total Income	<u>407,763</u>

Expense

Audit	238
Board Meeting Expense	42
Building Administration	6,861
Building Management	3,250
Depreciation Expense	67,432
Interest Expense	21,961
Janitorial	6,314
Pest Control	1,140
Postage	31
Professional Fees	6,923
Property Maintenance	1,930
Property Tax	20,288
Repairs & Maintenance	14,792
Trash Removal	6,040
Utilities	<u>116,497</u>
Total Expense	<u><u>273,739</u></u>

Net Income	<u><u>\$ 134,024</u></u>
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See accompanying notes to the financial statements.

Highland County Community Improvement Corporation
Statement of Cash Flows
For The Year Ended December 31, 2017

OPERATING ACTIVITIES	
Net Income	\$ 134,024
Depreciation	67,432
Prior period adjustment	(4,557)
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	14,263
Deferred Condo Fees	(28,756)
Accounts Payable	(11,524)
Net cash provided by Operating Activities	<u>170,882</u>
 INVESTING ACTIVITIES	
Payments received for lease	<u>48,996</u>
Net cash provided by Investing Activities	<u>48,996</u>
 FINANCING ACTIVITIES	
Principal payments on loans	<u>(64,629)</u>
Net Cash provided by Financing Activities	<u>(64,629)</u>
Net cash increase for period	155,249
Cash at beginning of period	<u>163,671</u>
Cash at end of period	<u><u>\$ 318,920</u></u>

See accompanying notes to the financial statements.

HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

REPORTING ENTITY

ORGANIZATION

The Community Improvement Corporation of Highland County, Highland Ohio (the Corporation), is an Ohio corporation established under sections 1724.01 et seq. of the Ohio Revised Code for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial and civic development of Highland County. The Corporation is a legally, separate, non-profit organization, served by a board comprised of County officials and community representatives.

The Corporation was created to advance, encourage, and promote the industrial, economic, commercial and civic development of Highland County and the surrounding community in whatever way and by such means as will improve the normal growth, employment opportunities, and the stability of employment in existing industries. The Corporation is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Corporation.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting principles generally accepted in the United States of America (GAAP) as applied to not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for non-profit organizations. Financial statements prepared under GAAP require the use of estimates that may differ from actual.

Basis of Presentation

The Corporation's financial statements consist of statement of financial position, statement of activities, and statement of cash flows.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-225. Accordingly, the Corporation is required to report information regarding its financial position and activities according to three classes: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Currently, the Corporation has only unrestricted net assets.

Revenue Recognition

Contributions received are recorded as unrestricted support unless there are any donor-imposed restrictions.

Capital Assets

Capital assets are started at cost and are depreciated over the estimated useful lives by the straight-line method of depreciation for financial reporting purposes. Repairs and maintenance are charged to operations when incurred and improvements and additions are capitalized. The capitalization threshold is \$500.

HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Tax Status

The Corporation has qualified for a tax exemption under the section 501 C (3) of the Internal Revenue Code and, accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

Cash and Carry Equivalents

For purposes of the statements of cash flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

CASH AND CASH EQUIVALENTS

At December 31, 2017, cash and cash equivalents consisted of the following:

Mechants Bank Checking	\$ 298,370
Merchants Bank Savings	<u>20,550</u>
	318,920

At the end of each year, the carrying amount of the corporation's deposits was covered by the Federal Deposit Insurance Corporation.

CAPITAL ASSETS

The Corporation's Capital Assets at December 31, 2017 are as follows:

Land	\$ 158,662
Real Estate and Improvement	<u>2,271,640</u>
	<u>2,430,302</u>
Less: Accumulated Depreciation	<u>(580,210)</u>
	<u>\$1,850,092</u>

DEBT

The Corporation's debt outstanding at December 31, 2017 was as follows:

Merchants National Bank	\$ 468,663
Hillsboro Revolving Loan	<u>38,241</u>
	<u>\$ 506,904</u>

The Merchants National Bank # 84654 was approved to pay off a loan with Fifth Third Bank that was for the purchase of 9.556 acres and a building. This note is renewable each year.

HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

DEBT (CONTINUED)

The Hillsboro Revolving Loan was approved to finance the renovation of the HVAC and office space at the 9.556-acre property.

Maturities for the next five years are as follows:

2018	65,456
2019	68,207
2020	54,777
2021	55,427
2022	57,757
Thereafter	<u>205,280</u>
	<u>\$ 506,904</u>

PRIOR PERIOD ADJUSTMENTS

Prior period adjustments (\$5,446) is to correct prior year accounts payable and \$889 is to correct prior year accounts receivable.

CONCENTRATIONS

The Highland County Community Improvement Corporation depends on condo fees and building rent for its continued existence.

RELATED PARTY TRANSACTIONS

James Evans, the Treasurer of the Highland County Improvement Corporation, is also the President of Merchants National Bank in Hillsboro, Ohio. The Highland County Community Improvement Corporation utilizes Merchant National Bank for their banking services for their checking accounts and debt issues.

INSURANCE

The Highland County Community Improvement Corporation maintains property insurance through a private insurance carrier. There has been no significant change in coverage in the past three years. There have been no claims that canceled coverage in the past three years.



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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***

Highland County Community Improvement Corporation
Highland County
100 North High Street
Hillsboro, Ohio 45133

To the Board of Trustees:

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 Highland County Community Improvement Corporation as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements, and have issued our report thereon dated June 24, 2019.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Highland County Community Improvement 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 Highland County Community Improvement 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 Highland County Community Improvement 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Highland County Community Improvement 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 Highland County Community Improvement Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Highland County Community Improvement Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

LINDHOLM + COMPANY

Worthington, Ohio
June 24, 2017

**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION
HIGHLAND COUNTY**

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2018-001

Material Weakness

The Corporation lacked management oversight in the proper reporting of certain accounts and transaction line items resulting in the following conditions:

- *Statement of Financial Position accounts - Deposits-HCC and Deposits HCHD accounts and the corresponding current liabilities classification:* In 2017, the Corporation recorded current liabilities totaling \$294,933. The Corporation discloses that "deposits of money for condos are shown as a current liability until the purchase of the condominium is complete and a real estate settlement transaction has occurred"; however, the Corporation did not provide documentation which identified individuals for whom they are holding deposits.

The Corporation recorded audit adjustments to the financial statements to correct the unsupported Deposits.

Failure to accurately post and report transactions could result in material errors in the Corporation's financial statements and reduces the Corporation's ability to monitor financial activity and to make sound decisions which effect the overall available cash position of the Corporation.

Officials' Response:

We did not receive a response from Officials to this finding.

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**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION
HIGHLAND COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2016-001	OAC 117-2-02, reporting of certain accounts and transaction line items.	No	Repeated as 2018-001.

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OHIO AUDITOR OF STATE KEITH FABER



HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

HIGHLAND 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 3, 2019**