



OHIO AUDITOR OF STATE  
**KEITH FABER**





**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION  
HIGHLAND COUNTY  
DECEMBER 31, 2021, 2020 AND 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



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## REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Highland County Community Improvement Corporation  
Highland County  
100 North High Street  
PO Box 10  
Hillsboro, Ohio 45133

To the Board of Directors:

We have selectively tested certain accounts, financial records, reports and other documentation of the Highland County Community Improvement Corporation, Highland County, (the Corporation), as of and for the years ended December 31, 2021, 2020 and 2019. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

### ***Internal Control Over Financial Reporting***

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2021-001 through 2021-009 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

### ***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Corporation, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2021-010 through 2021-013.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio  
October 23, 2024

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COMMUNITY IM PROVEMENT CORP OF HIGHLAND COUNTY

STATEMENT OF FINANCIAL POSITION

December 31, 2021

ASSETS	Unrestricted
CURRENT ASSETS	
Merchants Checking	\$ 163,568
Merchants- CIC ccount	423,330
Savings Account	75,090
Accounts Receivable	46,425
TOTAL CURRENT ASSETS	708,413
PROPERTY AND EQUIPMENT, net	1,541,711
TOTAL ASSETS	<u>\$ 2,250,124</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 14,682
Deferred Revenue	28,295
Current Portion of Loans	57,757
TOTAL CURRENT LIABILITIES	<u>100,734</u>
Merchants National Bank Loan	<u>205,427</u>
TOTAL LONG-TERM LIABILITIES	<u>205,427</u>
TOTAL LIABILITIES	<u>306,161</u>
NET ASSETS	
Net Assets without donor restrictions	1,943,963
Net Assets with donor restrictions	-
TOTAL NET ASSETS	<u>1,943,963</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,250,124</u>

See accompanying notes.

**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2021

OPERATING ACTIVITIES

REVENUES AND OTHER SUPPORT

Building Rent	\$	12,000
Condo Fees		264,278
Leases		28,930
Interest		539
Miscellaneous		39
		<u>305,786</u>

EXPENSES:

Building Management		262,964
General and Administrative		945
		<u>263,909</u>

CHANGE IN NET ASSETS \$ 41,877

NET ASSETS, beginning of year 1,902,086

ADJUSTED NET ASSETS, beginning of year 1,902,086

NET ASSETS, end of year \$ 1,943,963



**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2021

	Building Management	General & Administrative	Totals
Bank Service Charges	\$ -	\$ 65	\$ 65
Contract Services Labor	60	-	60
Building Management	402	-	402
Interest Expense	13,087	-	13,087
Janitorial	6,528	-	6,528
Pest Control	1,180	-	1,180
Professional Fees	-	880	880
Property Maintenance	1,280	-	1,280
Property Tax	20,462	-	20,462
Repairs & Maintenance	5,730	-	5,730
Trash Removal	12,135	-	12,135
Utilities	145,309	-	145,309
	<b>206,173</b>	<b>945</b>	<b>207,118</b>
Depreciation	56,791	-	56,791
	56,791	-	56,791
<b>TOTAL EXPENSES</b>	<b>\$ 262,964</b>	<b>\$ 945</b>	<b>\$ 263,909</b>

**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF CASH FLOWS**

For the years ended December 31, 2021

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Changes in net assets	\$ 41,877
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	56,791
Accounts receivable	(9,117)
Accounts payable	12,065
Deferred Revenues	28,295
	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>129,911</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on notes and payable	(55,428)
Proceeds from notes and leases payable	-
	<hr/>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(55,428)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>74,483</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b>587,505</b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b><u><u>\$ 661,988</u></u></b>

# COMMUNITY IMPROVEMENT CORPORATION OF HIGHLAND COUNTY

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

### NOTE 1-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.

### NOTE 2-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 statements of Community Improvement Corporation of Highland County have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Corporation 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 assests 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 actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

#### **Measure of Operations**

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Corporation's ongoing business condominium management. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

# HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Cash and cash equivalents**

The Corporation's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for amounts that would be invested for long-term purposes.

#### **Concentrations of credit risk**

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Corporation maintains its cash and cash equivalent accounts in one bank that exceeds federally insured limits. The Corporation's cash and cash equivalents have been placed with high credit quality financial institutions. The Corporation has not experienced, nor does it anticipate, any losses with respect to such accounts.

#### **Accounts Receivable**

The Corporation's accounts receivable are operating receivables due from tenants of the business condominiums for the maintenance, repairs and expenses of the building.

#### **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.

#### **Property and equipment, net**

Property and equipment are stated at cost at the date of purchase less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or lease terms.

#### **Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among building expenses and supporting services. Such allocations, if any, are determined by management on an equitable basis.

#### **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

**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**NOTE 3-CASH AND CASH EQUIVALENTS**

At December 31, 2021, cash and cash equivalents consisted of the following:

Merchants Bank checking	\$ 586,898
Merchants Bank savings	<u>75,090</u>
	<u>\$ 661,988</u>

At the end of THE year, the carrying amount of the corporation's deposits exceeded the amounts covered by the Federal Deposit Insurance Corporation.

**CAPITAL ASSETS**

The Corporation's Capital Assets at December 31, 2021 are as follows:

Land	\$ 158,662
Real estate and improvement	<u>2,190,421</u>
	<u>2,349,083</u>
Less: Accumulated Depreciation	<u>(807,372)</u>
Capital Assets, Net	<u><u>\$ 1,541,711</u></u>

**DEBT**

The Corporation's debt outstanding at December 31, 2021 was as follows:

Merchants National Bank 84654	\$ 263,184
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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.

**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

Maturities for the next five years are as follows:

2022	57,757
2023	60,185
2024	62,393
2025	64,424
2026	18,425
	<u>\$ 263,184</u>

**SUBSEQUENT EVENTS**

Subsequent events were reviewed and considered through August 8, 2022 which is the date of the report.

**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2020

ASSETS	Unrestricted
CURRENT ASSETS	
Merchants Checking	\$ 107,700
Merchants- CIC ccount	417,967
Savings Account	61,838
Accounts Receivable	37,309
TOTAL CURRENT ASSETS	624,814
PROPERTY AND EQUIPMENT, net	1,598,500
TOTAL ASSETS	<u>\$ 2,223,314</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 2,617
Current Portion of Loans	55,427
TOTAL CURRENT LIABILITIES	58,044
Merchants National Bank Loan	263,184
TOTAL LONG-TERM LIABILITIES	263,184
TOTAL LIABILITIES	321,228
NET ASSETS	
Net Assets without donor restrictions	1,902,086
Net Assets with donor restrictions	-
TOTAL NET ASSETS	1,902,086
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,223,314</u>

**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2020

OPERATING ACTIVITIES

REVENUES AND OTHER SUPPORT

Building Rent	\$	12,000
Condo Fees		284,841
Leases		27,555
Interest		597
Miscellaneous		836
		<u>325,829</u>

EXPENSES:

Building Management		272,840
General and Administrative		1,060
		<u>273,900</u>

CHANGE IN NET ASSETS \$ 51,929

NET ASSETS, beginning of year 1,850,157

ADJUSTED NET ASSETS, beginning of year 1,850,157

NET ASSETS, end of year \$ 1,902,086



**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2020

	Building Management	General & Administrative	Totals
Bank Service Charges	\$ -	\$ -	\$ -
Contract Services Labor	-	-	-
Building Management	27,026	-	<b>27,026</b>
Interest Expense	14,211	-	<b>14,211</b>
Janitorial	6,528	-	<b>6,528</b>
Pest Control	1,115	-	<b>1,115</b>
Professional Fees	-	1,060	<b>1,060</b>
Property Maintenance	1,350	-	<b>1,350</b>
Property Tax	19,639	-	<b>19,639</b>
Repairs & Maintenance	10,957	-	<b>10,957</b>
Trash Removal	8,467	-	<b>8,467</b>
Utilities	126,756	-	<b>126,756</b>
	<b>216,049</b>	<b>1,060</b>	<b>217,109</b>
Depreciation	56,791	-	<b>56,791</b>
	<b>56,791</b>	<b>-</b>	<b>56,791</b>
<b>TOTAL EXPENSES</b>	<b>\$ 272,840</b>	<b>\$ 1,060</b>	<b>\$ 273,900</b>

See accompanying notes.

**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF CASH FLOWS**

For the years ended December 31, 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Changes in net assets	\$ 51,929
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Prior period adjustment	
Depreciation	56,791
Accounts receivable	(5,292)
Accounts payable	(2,026)
Deferred Revenues	-
	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>101,402</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on notes and payable	(56,403)
Proceeds from notes and leases payable	-
	<hr/>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(56,403)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>44,999</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b>542,506</b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 587,505</u></b>

# COMMUNITY IMPROVEMENT CORPORATION OF HIGHLAND COUNTY

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020

### NOTE 1-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.

### NOTE 2-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**

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#### **Basis of Presentation**

The financial statements of Community Improvement Corporation of Highland County have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Corporation 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 actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

#### **Measure of Operations**

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Corporation's ongoing business condominium management. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

# HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2020

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Cash and cash equivalents**

The Corporation's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for amounts that would be invested for long-term purposes.

#### **Concentrations of credit risk**

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Corporation maintains its cash and cash equivalent accounts in one bank that exceeds federally insured limits. The Corporation's cash and cash equivalents have been placed with high credit quality financial institutions. The Corporation has not experienced, nor does it anticipate, any losses with respect to such accounts.

#### **Accounts Receivable**

The Corporation's accounts receivable are operating receivables due from tenants of the business condominiums for the maintenance, repairs and expenses of the building.

#### **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.

#### **Property and equipment, net**

Property and equipment are stated at cost at the date of purchase less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or lease terms.

#### **Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among building expenses and supporting services. Such allocations, if any, are determined by management on an equitable basis.

#### **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

**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**NOTE 3-CASH AND CASH EQUIVALENTS**

At December 31, 2020, cash and cash equivalents consisted of the following:

Merchants Bank checking	\$ 525,667
Merchants Bank savings	<u>61,838</u>
	\$ 587,505

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

**CAPITAL ASSETS**

The Corporation's Capital Assets at December 31, 2020 are as follows:

Land	\$ 158,662
Real estate and improvement	<u>2,190,421</u>
	<u>2,349,083</u>
Less: Accumulated Depreciation	<u>(750,583)</u>
Capital Assets, Net	<u>\$ 1,598,500</u>

**DEBT**

The Corporation's debt outstanding at December 31, 2020 was as follows:

Merchants National Bank 84654	\$ 318,611
-------------------------------	------------

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.

**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

Maturities for the next five years are as follows:

2021	55,427
2022	57,757
2023	60,185
2024	62,393
2025	<u>27,422</u>
	<u>\$ 263,184</u>

**SUBSEQUENT EVENTS**

Subsequent events were reviewed and considered through May 28, 2021 which is the date of the report.

**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2019

ASSETS	<b>Unrestricted</b>
<b>CURRENT ASSETS</b>	
Merchants Checking	\$ 75,905
Merchants- CIC ccount	315,800
Savings Account	48,289
Accounts Receivable	<u>32,017</u>
<b>TOTAL CURRENT ASSETS</b>	<b>472,011</b>
<b>PROPERTY AND EQUIPMENT, net</b>	<b>1,655,291</b>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 2,127,302</u></u></b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 4,643
Current Portion of Loans	<u>53,866</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>58,509</u></b>
Loan- RLF	3,932
Merchants National Bank Loan	<u>317,216</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>321,148</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>379,657</u></b>
<b>NET ASSETS</b>	
Net Assets without donor restrictions	1,747,645
Net Assets with donor restrictions	-
<b>TOTAL NET ASSETS</b>	<b><u>1,747,645</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 2,127,302</u></u></b>

**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2019

OPERATING ACTIVITIES

REVENUES AND OTHER SUPPORT

Building Rent	\$	12,000
Condo Fees		296,532
Leases		28,014
Interest		1,057
Miscellaneous		-
		<u>337,603</u>

EXPENSES:

Building Management		299,080
General and Administrative		1,515
		<u>300,595</u>

CHANGE IN NET ASSETS \$ 37,008

NET ASSETS, beginning of year 1,710,637

ADJUSTED NET ASSETS, beginning of year 1,710,637

NET ASSETS, end of year \$ 1,747,645



**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended December 31, 2019

	Building Management	General & Administrative	Totals
Bank Service Charges	\$ -	\$ 15	\$ 15
Advertising		300	
Contract Services Labor	-	-	-
Building Management	22,275	-	22,275
Interest Expense	27,130	-	27,130
Janitorial	6,528	-	6,528
Pest Control	1,330	-	1,330
Professional Fees	4,754	1,200	5,954
Property Maintenance	2,719	-	2,719
Property Tax	19,484	-	19,484
Repairs & Maintenance	16,481	-	16,481
Trash Removal	8,450	-	8,450
Utilities	133,138	-	133,138
	<u>242,289</u>	<u>1,515</u>	<u>243,504</u>
Depreciation	<u>56,791</u>	<u>-</u>	<u>56,791</u>
	<u>56,791</u>	<u>-</u>	<u>56,791</u>
<b>TOTAL EXPENSES</b>	<u>\$ 299,080</u>	<u>\$ 1,515</u>	<u>\$ 300,295</u>

**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF CASH FLOWS**

For the years ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	\$ 37,008
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Prior period adjustment	(18,225)
Depreciation	56,791
Accounts receivable	(25,330)
Accounts payable	(9,403)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	40,841
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on notes and payable	(35,841)
Proceeds from notes and leases payable	-
	<hr/>
NET CASH USED BY FINANCING ACTIVITIES	(35,841)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,000
BEGINNING CASH AND CASH EQUIVALENTS	434,994
ENDING CASH AND CASH EQUIVALENTS	<hr/> <u>\$ 439,994</u>

# COMMUNITY IMPROVEMENT CORPORATION OF HIGHLAND COUNTY

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2019

### NOTE 1-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.

### NOTE 2-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 statements of Community Improvement Corporation of Highland County have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Corporation 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 actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

#### **Measure of Operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Corporation's ongoing business condominium management. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

# HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2019

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Cash and cash equivalents**

The Corporation's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for amounts that would be invested for long-term purposes.

#### **Concentrations of credit risk**

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Corporation maintains its cash and cash equivalent accounts in one bank that exceeds federally insured limits. The Corporation's cash and cash equivalents have been placed with high credit quality financial institutions. The Corporation has not experienced, nor does it anticipate, any losses with respect to such accounts.

#### **Accounts Receivable**

The Corporation's accounts receivable are operating receivables due from tenants of the business condominiums for the maintenance, repairs and expenses of the building.

#### **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.

#### **Property and equipment, net**

Property and equipment are stated at cost at the date of purchase less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or lease terms.

#### **Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among building expenses and supporting services. Such allocations, if any, are determined by management on an equitable basis.

#### **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

**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**NOTE 3-CASH AND CASH EQUIVALENTS**

At December 31, 2021, cash and cash equivalents consisted of the following:

Merchants Bank checking	\$ 391,705
Merchants Bank savings	<u>48,289</u>
	<u>\$ 439,994</u>

At the end of THE year, the carrying amount of the corporation's deposits exceeded the amounts covered by the Federal Deposit Insurance Corporation.

**CAPITAL ASSETS**

The Corporation's Capital Assets at December 31, 2019 are as follows:

Land	\$ 158,662
Real estate and improvement	<u>2,190,421</u>
	<u>2,349,083</u>
Less: Accumulated Depreciation	<u>(693,792)</u>
Capital Assets, Net	<u>\$ 1,655,291</u>

**DEBT**

The Corporation's debt outstanding at December 31, 2021 was as follows:

Merchants National Bank 84654	\$ 371,082
Hillsboro Revolving Loan	<u>3,932</u>
	<u>\$ 375,014</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.

**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

Maturities for the next five years are as follows:

2020	54,777
2021	55,427
2022	57,757
2023	60,185
2024	62,393
Thereafter	<u>84,475</u>
	<u>\$ 375,014</u>

**PRIOR PERIOD ADJUSTMENTS**

Prior period adjustment in the amount of \$ 18,225 is to correct 2018 Merchants National Bank loan balance.

**SUBSEQUENT EVENTS**

Subsequent events were reviewed and considered through June 20, 2020 which is the date that the report could be released.

**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION  
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021, 2020 AND 2019**

**FINDING NUMBER 2021-001**

**Internal Control Deficiency**

**Segregation of Duties / Management Oversight**

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The size of the Corporation's staff did not allow for an adequate segregation of duties; the Corporation Treasurer performed all accounting functions, including receipting, depositing, and disbursing. It is therefore important that the Board of Directors monitor financial activity closely.

Due to deficiencies in the Corporation's monitoring and review process, the following conditions were noted:

- There was no evidence of bank reconciliations being reviewed and approved by the Board of Directors.
- There was no evidence of the Board of Directors monitoring receipts received by the Corporation.
- There was no evidence of the Board of Directors monitoring nonpayroll disbursement classifications.
- There was no evidence of the Board of Directors reviewing and approving draft financial statements and footnote disclosures.

The Board of Directors should review detailed financial reports and bank reconciliations on a monthly basis. The Board of Directors should also review draft financial statements and footnote disclosures before filing in the Hinkle System. This should be documented in the minute record and/or initialed and dated as reviewed. The Board of Directors should also make appropriate inquiries to help determine the continued integrity of financial information. Appropriate inquiries would include:

- Are current receipts sufficient to cover expenditures?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood?
- Are anticipated receipts being received in a timely manner?

The information obtained as a result of such reviews and inquiries will provide important data necessary to properly manage the Corporation.

**Officials' Response:**

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

**FINDING NUMBER 2021-002**

**Internal Control Deficiency**

**Maintaining Supporting Documentation**

Maintaining organized documentation and support for financial transactions is essential in assuring the Corporation's financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

The Corporation did not maintain underlying documentation and support for the following items in 2021:

- Trial balances provided did not properly present beginning balances, adjustments and ending balances.
- Statement of Cash Flows, ending Cash and Cash Equivalents variance of (\$1,182).
- Capital Assets, Real Estate and Improvement of \$2,190,421.
- The December 31, 2021 Bank Reconciliation for Savings Account #4470 was not provided.
- Ten out of ten (100%) Condominium Receipts tested did not have the Condominium Agreement provided as support.
- Six out of six (100%) Lease Receipts tested did not have the Lease Agreement provided as support.
- Twelve out of twelve (100%) Building Rent Receipts tested, did not have the Building Rental Agreement provided as support.
- The agreement between Highland County Community Improvement Corporation and Highland County Community Action for Financial Management and Building Management was not provided.
- Debt Agreements were not provided.

The Corporation did not maintain underlying documentation and support for the following items in 2020:

- Trial balances provided did not properly present beginning balances, adjustments and ending balances.
- Statement of Activities, Adjusted Net Assets, beginning of year does not agree to prior year Net Assets, end of year with a variance of (\$485).
- Statement of Cash Flows, ending Cash and Cash Equivalents variance of (\$485).
- Capital Assets, Real Estate and Improvement of \$2,190,421.
- The December 31, 2020 Bank Reconciliations and Bank Statements for Savings account #4470 was not provided.
- Eleven out of eleven (100%) Condominium Receipts tested did not have the Condominium Agreement provided as support.
- Six out of six (100%) Lease Receipts tested did not have the Lease Agreement provided as support.



**FINDING NUMBER 2021-002**  
**(Continued)**

- Twelve out of twelve (100%) Building Rent Receipts tested did not have the Building Rental Agreement provided as support.
- Debt Agreements were not provided.
- The agreement between Highland County Community Improvement Corporation and Highland County Community Action for Financial Management and Building Management was not provided.
- An adjusting entry for Accounts Receivable in the amount of \$3,547 did not have supporting documentation.

The Corporation did not maintain underlying documentation and support for the following items in 2019:

- Trial balances provided did not properly present beginning balances, adjustments and ending balances.
- Statement of Activities, Adjusted Net Assets, beginning of year does not agree to prior year Net Assets, end of year with a variance of \$190,273.
- Statement of Cash Flows, Principal Payments on notes and payables is understated by \$34,374.
- Capital Assets, Real Estate and Improvement of \$2,190,421 did not have support and does not agree to prior year with a decrease of \$81,219.
- Prior Period Adjustments of \$18,225 to correct Merchants National Bank Loan balance.
- Twelve out of twelve (100%) Condominium Fee Receipts tested did not have the Condominium Agreement provided as support.
- Six out of six (100%) Lease Receipts tested did not have the Lease Agreement provided as support.
- Ten out of ten (100%) Building Rent Receipts tested did not have the Building Rental Agreement provided as support.
- The agreement between Highland County Community Improvement Corporation and Highland County Community Action for Financial Management and Building Management was not provided.
- Debt Agreements were not provided.
- An adjusting entry for Accounts Payable in the amount of \$13,979 did not have supporting documentation.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Corporation should develop policies and procedures outlining the security of all records or take a written inventory of all records noting the records description and location. All records should be maintained in a secure central location, such as locked file cabinets or in a locked office, with access limited to specific officials and/or personnel. Disposal of records should only be made in accordance with an approved records retention schedule.

**FINDING NUMBER 2021-002  
(Continued)**

**Officials' Response:**

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

**FINDING NUMBER 2021-003**

**Internal Control Deficiency**

**Late Fees and Timely Payments**

The Corporation should ensure bills are paid by the required date in order to avoid penalties and interest as well as service interruption.

- The Corporation accrued a late fee for the gas utility payment in the amount of \$15 in 2019.
- The Corporation did not timely pay the Hillsboro Public Utility resulting in a past due balance of \$2,554 as of March 14, 2019. The past due balance was paid on April 2, 2019 and no late fees were accrued or paid.

This could result in questions regarding whether payment of late fees and accrued fees are considered expenditures for proper public purpose. Expenditures deemed to not be for proper public purpose could result in findings for recovery being issued.

The Corporation should pay invoices in a timely manner to avoid paying late fees and penalties on obligations.

**Officials' Response:**

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

**FINDING NUMBER 2021-004**

**Internal Control Deficiency**

**Timely Depositing**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

Receipts should be supported by adequate documentation to show the amount and date received.

The Corporation did not maintain supporting documentation for when the receipt was received in order to determine timely depositing as follows:

- Six of six (100%) lease fee receipts tested for 2019.
- Ten of ten (100%) condominium fee receipts tested for 2019.
- Six of six (100%) lease fee receipts tested for 2020.
- Twelve of twelve (100%) condominium fee receipts tested for 2020.

**FINDING NUMBER 2021-003  
(Continued)**

- Six of six (100%) lease fee receipts tested for 2021.
- Twelve of twelve (100%) condominium fee receipts tested for 2021.

The Corporation should document when money was initially received to determine that it is deposited and the receipt is recorded timely. If the Corporation continues the practice of logging when money was received, the Corporation should implement an official policy regarding the mail log and procedures to ensure that the policy is followed.

**Officials' Response:**

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

**FINDING NUMBER 2021-005**

**Internal Control Deficiency**

**Cash Reconciliations**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. Additionally, the Corporation should include all bank reconciliations/accounts on the trial balances.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board of Directors is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month of 2019 and 2021 for one of three accounts and two of three accounts in 2020 held by the Corporation. Failure to reconcile monthly increases the possibility that the Corporation will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Directors should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. Additionally, the Corporation should include all bank reconciliations/accounts on the trial balances.

**Officials' Response:**

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

**FINDING NUMBER 2021-006**

**Internal Control Deficiency**

**Disbursement Controls**

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance to safeguard public funds.

Only one signature was on the checks issued during the audit period.

Failure to design and implement sufficient controls over the disbursements of public funds increases the risk that loss or misappropriation of funds could occur and not be detected in a reasonable time period.

To improve controls over disbursements, the Corporation should review and implement the procedures that require at least two officials' signatures on all disbursements.

**Officials' Response:**

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

**FINDING NUMBER 2021-007**

**Internal Control Deficiency**

**Condominium and Lease Fees**

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance to safeguard public funds.

The Corporation collects condominium fees and lease receipts for the North High Business Center.

The following were noted during the testing of receipts:

- The rates that were charged for rent were not formally established and approved by the Board of Directors.
- One of ten (10%) lease fee receipts tested in 2021 were not included on the rate schedule.
- One out of twelve (8%) condominium fee receipts tested in 2019 did not agree to the rate schedule.
- The Rate Schedule could not be agreed to the condominium fee agreements and/or the lease agreements due to lack of supporting
- documents provided by the Corporation.

Failure to establish a formal rate schedule could result in incorrect rates being charged.

The Corporation should create a formal rate schedule to be established and approved by the Board of Directors for all condominium fee and lease fee charges. The Corporation should also establish formal signed condominium fee and lease agreements with all tenants.

**Officials' Response:**

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

## FINDING NUMBER 2021-008

### Internal Control Deficiency

#### Insufficient FRAQ response

Auditing standards from the American Institute of Public Accountants (AICPA) outlined in AU-C 240, *Consideration of Fraud in a Financial Statement Audit*, discuss the responsibility for the prevention and detection of fraud, which lies with the Corporation's management and those charged with governance. AU-C 240.04 further indicates, "It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight by those charged with governance." Additionally, as communicated in the engagement letter, management and those charged with governance are not only responsible to design and implement programs and controls to prevent and detect fraud, but also to report to us fraud of which they are aware.

Due to insufficient Fraud Risk Assessment Questionnaire responses from the Board of Directors and the lack of related assurances, additional fraud risks exist at the Corporation. Several fraud risks were identified, most notably: inadequate segregation of duties or independent checks, including an inadequate system of authorization and approval of transactions in non-payroll; and a lack of communication, implementation, support, or enforcement of the Corporation's values or ethical standards by management.

For 100% of the transactions reviewed, there was no evidence of review by the Board of Directors of individual transactions' supporting documentation. Additionally, the Corporation has not established a policy manual that includes an ethics policy nor were any communications of such standards made available for review.

In order to mitigate the fraud risks identified above, the Corporation management and Board of Directors should draft, approve, implement, and monitor internal control policies which: require documentation of at least one Director's review of supporting documentation and/or review of the weekly check register for all disbursements, and clearly communicate the Corporation's values and ethical standards, as well as any related disciplinary actions.

#### Officials' Response:

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

## FINDING NUMBER 2021-009

### Internal Control Deficiency

#### Posting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**FINDING NUMBER 2021-009**  
**(Continued)**

Due to deficiencies in the Corporation's financial statement monitoring and review process, the Corporation made the following errors in 2021:

- The Merchants - CIC was overstated by \$182 and Retained Earnings was overstated by \$182 due to not recording bank account interest properly.
- Merchants Checking #5906 was overstated, Accounts Receivable was overstated and Rent Revenue was understated and Deferred Revenue was understated by \$1,000 due to not properly recording Deferred Revenues.
- The Interest Expense for debt payments was overstated and principal debt payments were understated by \$928 due to not properly recording debt payments.

Due to deficiencies in the Corporation's financial statement monitoring and review process, the Corporation made the following errors in 2020:

- Accumulated Depreciation was understated by \$6,049 to correct an error in 2019 due to a miscalculation by the independent public accountant.
- Notes Receivable was understated and Interest Revenue was understated by \$1,524 due to not properly recording Notes Receivable that was paid in full.
- Notes Receivable Revenue was understated and Retained Earnings was understated by \$100,504 due to not properly recording Notes Receivable Corvac revenues.

Due to deficiencies in the Corporation's financial statement monitoring and review process, the Corporation made the following errors in 2019:

- Accumulated Depreciation was overstated by \$6,049 due to a miscalculation by the independent public accountant.
- The Interest Expense for debt payments was overstated and principal debt payments were understated by \$3,932.
- Notes Receivable was understated and Retained Earnings was overstated by \$100,504 due to not recording Notes Receivable Corvac Composites.
- The Merchants - CIC #7095 was understated by \$14 and Retained Earnings was understated by \$14 due to not recording bank account interest.

The Corporation did not correct the financial statements and accounting records for these errors therefore the accompanying financial statements are misstated.

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 affect the overall available cash position of the Corporation.

**Officials' Response:**

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

## FINDING NUMBER 2021-010

### Noncompliance

#### Late Filing

**Ohio Rev. Code § 1724.05** states, in part, 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 financial report shall be filed with the auditor of state within one hundred twenty days following the last day of the corporation's fiscal year, unless the auditor of state extends that deadline. The auditor of state may establish terms and conditions for granting any extension of that deadline.

The Corporation's December 31, 2021 annual financial report due by May 2, 2022, was not filed with the Auditor of State until December 6, 2022.

The Corporation's December 31, 2020 annual financial report due by April 30, 2021 was not filed with the Auditor of State until December 6, 2022.

The Corporation's December 31, 2019 annual financial report due by April 29, 2020 was not filed with the Auditor of State until April 13, 2023.

The Corporation should implement procedures to verify its annual financial report is filed with the Auditor of State by the required deadline. If the Corporation is unable to meet the deadline, the Corporation should file an extension request through the Auditor of State. Failure to file a complete report by the established deadline, without an extension, could result in the assessment of penalties against the Corporation. Also, pursuant to Ohio Rev. Code § 1724.06, failure to file an annual financial report by the required date could result in cancellation of the articles of the community improvement corporation by the Secretary of State.

#### Officials' Response:

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

## FINDING NUMBER 2021-011

### Noncompliance

#### Public Records Policy

**Ohio Rev. Code § 149.43(E)(2)** provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to Ohio Rev. Code § 149.43(B)(7)(c), the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. "Commercial" is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

**FINDING NUMBER 2021-011  
(Continued)**

**Ohio Rev. Code § 149.43(E)(2)** further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

The Corporation has no formal written policy that would demonstrate compliance with the Ohio Revised Code. This could result in records requests not being fulfilled in accordance with Ohio law.

The Corporation shall establish a public records policy. The policy shall be distributed to the records custodian/manager and the Corporation should have a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy must be conspicuously displayed in all of the Corporation's branch offices and the public records policy must be included in policy manuals or handbooks if any exist.

Pursuant to Ohio Rev. Code § 109.43(E)(2), the Ohio Attorney General has developed and provided to all public offices a model public records policy for responding to public records requests. The policy, which is available at <https://www.ohioattorneygeneral.gov/Files/Government-Entities/Model-Public-Records-Policy.aspx>, provides guidance to public offices in developing their own policies for responding to public records requests in compliance with the Public Records Act.

**Officials' Response:**

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

**FINDING NUMBER 2021-012**

**Noncompliance**

**Records Retention Schedule**

**Ohio Rev. Code 149.43(B)(2)** provides that a public office also shall have available a copy of its current records retention schedule at a location readily available to the public.

Due to deficiencies in public records procedures and monitoring, the Corporation does not have a records retention schedule. Failure to establish a records retention schedule could result in the destruction of important Corporation documents.

The Corporation should adopt a records retention schedule.

**Officials' Response:**

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



**FINDING NUMBER 2021-013**

**Noncompliance**

**Meeting Notifications**

**Ohio Rev. Code § 121.22(F)** requires every public body to, by rule, establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. A public body shall not hold a special meeting unless it gives at least twenty-four hours advance notice to the news media that have requested notification, except in the event of an emergency requiring immediate official action. In the event of an emergency, the member or members calling the meeting shall immediately notify the news media that have requested notification.

The Corporation did not establish, by rule, a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. No meetings were held in 2020.

Policies and Procedures should be established and implemented to verify that all Board meetings are held in accordance with the Ohio Sunshine Laws. Resolutions, rules, or formal actions adopted by the Corporation during a meeting in which the Corporation violated Ohio Rev. Code § 121.22(F) are invalid. Ohio Rev. Code § 121.22(H).

**Officials' Response:**

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

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**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**100 North High Street PO Box 10 Hillsboro, Ohio 45133**

**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**HIGHLAND COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**DECEMBER 31, 2021, 2020 AND 2019**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2018-001	Financial Reporting Errors	No	Reissued as 2021-009



# OHIO AUDITOR OF STATE KEITH FABER



**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**HIGHLAND COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/7/2024**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)