

**VILLAGE OF CADIZ COMMUNITY  
IMPROVEMENT CORPORATION**

**HARRISON COUNTY**

**AUDIT REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**





OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Members of the Board  
Village of Cadiz Community Improvement Corporation  
128 Court Street  
Cadiz, OH 43907

We have reviewed the *Independent Auditor's Report* of the Village of Cadiz Community Improvement Corporation, Harrison County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. 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 Village of Cadiz Community Improvement Corporation is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

August 13, 2021

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**VILLAGE OF CADIZ COMMUNITY IMPROVEMENT CORPORATION  
HARRISON COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Village of Cadiz Community Improvement Corporation  
Harrison County  
128 Court Street  
Cadiz, Ohio 43907

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Village of Cadiz Community Improvement Corporation, Harrison County, Ohio as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our adverse audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Corporation prepared these financial statements using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. However, Ohio Administrative Code 117-2-03(B) requires these statements to follow accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed material.

***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Cadiz Community Improvement Corporation as of 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

***Emphasis of Matter***

As discussed in Note 6 to the financial statements for 2020 and 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. We did not modify our opinions regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
June 23, 2021



**VILLAGE OF CADIZ COMMUNITY IMPROVEMENT CORPORATION  
HARRISON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>
<b>Cash Disbursements:</b>	
Current:	
Contractual Services	\$ 21,360
Professional and Technical	65,091
Insurance and Bonding	7,491
Total Cash Disbursements	93,942
 <b>Other Financing Receipts/(Disbursements)</b>	
Lease and Loan Receipts	126,537
Total Non Operating Receipts	126,537
Excess of Cash Receipts and Other Financing Receipts Over/Under Cash Disbursements and Other Financing Disbursements	32,595
Fund Cash Balances, January 1	1,050,280
<b>Fund Cash Balances, December 31</b>	<b>\$ 1,082,875</b>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CADIZ COMMUNITY IMPROVEMENT CORPORATION  
HARRISON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Entity**

The Village of Cadiz Community Improvement Corporation (the Corporation) is an Ohio non-profit corporation and was incorporated in 1998 under authority of Ohio Revised Code Section 1702.01 and Chapter 1724. The Corporation is governed by 9 trustees, consisting of the mayor and two council members of the Village of Cadiz and six members comprised of business, professional, government and community leaders. The Corporation was formed to advance, encourage, and promote industrial, economic, commercial and civic development in the Village of Cadiz.

The Corporation's management believes these financial statements present all activities for which the Corporation is financially accountable.

**B. Basis of Accounting**

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

This statement includes adequate disclosure of material matters.

**C. Tax Status**

The Corporation is a nonprofit corporation exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code. By virtue of Ohio law the Corporation is not subject to Ohio income taxes.

**D. Property, Plant, and Equipment**

Acquisitions of property, plant, and equipment are recorded as disbursement when paid. These items are not reflected as assets on the accompanying financial statement.

**2. DEPOSITS**

The corporation has entered into an agency agreement with the Village of Cadiz to be the custodian of the Corporation's deposits and accounting system. The Village's deposit and investment pool holds the Corporation's assets, valued at the Village's reported carrying amount.

**3. RISK MANAGEMENT**

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Wrongful acts and dishonesty bond

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There were no significant reductions in coverage from prior year.

**VILLAGE OF CADIZ COMMUNITY IMPROVEMENT CORPORATION  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Continued)**

**4. LOANS**

The Corporation has loaned various local businesses money. The following schedule lists the outstanding loans at December 31, 2020 and delinquent amount, if applicable.

<b>Borrower</b>	<b>Loans Outstanding at 12/31/2020</b>	<b>Loans Delinquent at 12/31/2020</b>
Frontz Just Things	\$ 10,721	\$ 10,721
MaCol Maching, Inc.	9,796	9,796
Schloss Media/News Herald	19,970	-
Schloss Media/Merchanette	35,826	-
John Visser	77	-
Bayform Holding LLC	451,008	-
Total	\$ 527,398	\$ 20,517

**5. LEASE/RENT AGREEMENTS**

December 2017 The Corporation entered into a real estate purchase agreement with Bayform Holdings LLC holding a 500,000.00 cognovits promissory note. In addition, The Corporation has lease/rent agreements with J.W Energy, Residential Lease for 206 W. Warren Street, Cadiz, Ohio and Mark west for a ground/lease laydown yard.

March 2019 The Corporation purchased 206 W. Market Street, Cadiz Ohio for Rental income. They have a lease contract in place until June 30, 2021.

December 2020 The Corporation entered into a purchase agreement with National Lime & Stone for 5 acres in the Industrial Park owned by Corporation (Final signatures January 2021).

**6. SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Corporation. In addition, the impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF CADIZ COMMUNITY IMPROVEMENT CORPORATION  
HARRISON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>
<b>Cash Receipts:</b>	
Intergovernmental	\$ 353,894
Total Cash Receipts	353,894
<b>Cash Disbursements:</b>	
Current:	
Contractual Services	410,956
Supplies and Materials	3,200
Fringe Benefits	168
Total Cash Disbursements	414,324
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(60,430)</i>
<b>Other Financing Receipts/(Disbursements)</b>	
Sale of Fixed Assets	20,079
Lease and Loan Receipts	258,091
Total Other Financing Receipts/(Disbursements)	278,170
Excess of Cash Receipts and Other Financing Receipts Over/Under Cash Disbursements and Other Financing Disbursements	217,740
Fund Cash Balances, January 1	832,540
<b>Fund Cash Balances, December 31</b>	<b>\$ 1,050,280</b>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CADIZ COMMUNITY IMPROVEMENT CORPORATION  
HARRISON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Entity**

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The Corporation's management believes these financial statements present all activities for which the Corporation is financially accountable.

**B. Basis of Accounting**

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This statement includes adequate disclosure of material matters.

**C. Tax Status**

The Corporation is a nonprofit corporation exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code. By virtue of Ohio law the Corporation is not subject to Ohio income taxes.

**D. Property, Plant, and Equipment**

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**2. DEPOSITS**

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**3. RISK MANAGEMENT**

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Wrongful acts and dishonesty bond

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There were no significant reductions in coverage from prior year.

**VILLAGE OF CADIZ COMMUNITY IMPROVEMENT CORPORATION  
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(Continued)**

**4. LOANS**

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<b>Borrower</b>	<b>Loans Outstanding at 12/31/2019</b>	<b>Loans Delinquent at 12/31/2019</b>
Frontz Just Things	\$ 10,721	\$ 10,721
MaCol Maching, Inc.	9,796	9,796
Schloss Media/News Herald	23,699	-
Schloss Media/Merchanette	43,104	-
John Visser	77	-
Bayform Holding LLC	465,997	-
Total	\$ 553,395	\$ 20,517

**5. LEASE/RENT AGREEMENTS**

December 2017 The Corporation entered into a real estate purchase agreement with Bayform Holdings LLC holding a 500,000.00 cognovits promissory note. In addition, The Corporation has lease/rent agreements with J.W Energy, Residential Lease for 206 W. Warren Street, Cadiz, Ohio and Mark west for a ground/lease laydown yard.

March 2019 The Corporation purchased 206 W. Market Street, Cadiz Ohio for Rental income.

**6. SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Corporation. In addition, the impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Village of Cadiz Community Improvement Corporation  
Harrison County  
128 Court Street  
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Cadiz Community Improvement Corporation, Harrison County, Ohio (the Corporation) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 23, 2021, wherein we issued an adverse opinion on the 2020 and 2019 financial statements due to the Corporation failing to prepare financial statements that followed accounting principles generally accepted in the United States of America as required by Ohio Administrative Code Section 117-2-03. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2020-001.

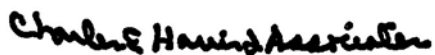
We also noted certain matters not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated June 23, 2021.

***Entity's Response to Finding***

The Corporation's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Corporation's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
June 23, 2021



**VILLAGE OF CADIZ COMMUNITY IMPROVEMENT CORPORATION  
HARRISON COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001 - Noncompliance**

Ohio Rev. Code § 1724.05 requires each community improvement corporation established under Ohio Rev. Code Chapter 1724 to report annually in accordance with generally accepted accounting principles. Auditor of State Bulletin 2005-002 describes the accounting and financial statement presentation requirements for GAAP-mandated entities.

Each community improvement corporation shall prepare an annual financial report that conforms to rules prescribed by the Auditor of State pursuant to § 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 financial report shall be published on the Corporation's web site, or if the Corporation does not have a web site, on the web site of the county in which the Corporation is located.

The Corporation prepared its financial statements and notes on an accounting basis not in accordance with these generally accepted accounting principles. The accompanying financial statements and notes omit the financial position of the Corporation at December 31, 2020 and 2019, changes in financial position or cash flows, and disclosures that, while material, cannot be determined at this time. The Corporation can be fined and various other legal administrative remedies may be taken against the Corporation.

We recommend the Corporation take the necessary steps to ensure that the annual financial report is prepared and filed in accordance with generally accepted accounting principles to avoid noncompliance with the Ohio Revised Code and potential fines.

**VILLAGE OF CADIZ COMMUNITY IMPROVEMENT CORPORATION  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Rev. Code § 1724.05 – Not preparing the annual report on a GAAP Basis of Accounting.	Not corrected	Repeated in current year Schedule of Findings as Finding 2020-001

**VILLAGE OF CADIZ COMMUNITY IMPROVEMENT CORPORATION  
HARRISON COUNY**

**CORRECTIVE ACTION PLAN – Prepared by Management  
December 31, 2020 and 2019**

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2020-001	The Board will consider hiring an accountant in the future to prepare GAAP statements.	Year-end 2021	Mike Silva, Board President

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF CADIZ COMMUNITY IMPROVEMENT CORPORATION**

**HARRISON 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 8/26/2021**

88 East Broad 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)